

## FINANCE AND RESOURCES COMMITTEE

### NOTICE

There will be a joint meeting of the Finance and Resources Committee (FRC) at 18.00 on 27 November 2023 in the Boardroom and on Teams. This will be preceded by a meeting of the Audit & Risk Committee (ARC) at 16.30

Note: The Chair of the FRC should be in attendance at the ARC and the Chair of the ARC should be in attendance at the FRC.

### AGENDA

Agenda Item	Paper	Lead
01		GP
<b>Apologies for Absence</b>		
02		
<b>Declaration of any potential Conflicts of Interest in relation to any Agenda items</b>		
03	Y	GP
<b>Minutes of Previous Meetings</b> 21 August 2023		
04		
<b>Matters Arising from the Previous Meeting</b>		
05		
<b>Reserved Matters for Approval</b>		
05.1	Y	VP-F
<b>Draft Financial Statements for the year to 31<sup>st</sup> July 2023;</b> to be considered in conjunction with:		
05.2	Y	VP-F
<b>Proposed Annual Audit Report to the Board of Management and the Auditor General for Scotland (i.e. report of the external auditors)</b>		
Items not publishable being drafts which will be published later in final form		
06		
<b>Matters for Discussion</b>		
06.1	Y	VP-F
Quarter 1 Management Accounts		
06.2	Y	VP-F
Cashflow Report		
06.3	Y	VP-F
Quarterly Update - Procurement		
06.4	Y	P
Quarterly Update - Facilities		
06.5	Y	VP-F
Review of the annual workplan of the Committee		
07		
<b>Matters for Information</b>		
07.1	Y	VP-F
Capital Expenditure Plan		
09		
<b>Any Other Business</b>		
10		
<b>Summation of Actions and Dates of Next Meetings</b>		
<ul style="list-style-type: none"> <li>• 26 February 2024</li> <li>• 20 May 2024 (provisional on timetable re Budget)</li> </ul>		

Key:

C - FRC	Chair of the Finance and Resources Committee
P	Principal
GP	Governance Professional
VP-F	Vice Principal – Finance, Resources and Sustainability
FA	Financial Accountant

## FINANCE AND RESOURCES COMMITTEE

Minutes of Meeting of the Finance and Resources Committee on Monday 21<sup>st</sup> August 2023 at 1730 hours via Microsoft Teams and in the Boardroom at South Lanarkshire College

	<b>Present</b>	<b>In attendance</b>
	D Morrison (Acting Chair) S McManus (Principal) S Coutts (Board Member Elect) P Scott – Governance Professional - acting as Minute Secretary	P Hutchinson (Chairing Member) K McAllister (Head of Finance) E McKechnie (Financial Accountant)
01	<b>Apologies for Absence</b>	
	C Gibb (Committee Chair) In the absence of the Committee Chair the meeting nominated D Morrison as Acting Chair. As the meeting was technically inquorate given that S Coutts would not be confirmed as a Board Member until 22 <sup>nd</sup> August the meeting proceeded in accordance with Standing Orders and any decisions would be considered for ratification at the next appropriate meeting.	
02	<b>Declaration of any potential Conflicts of Interest in relation to any Agenda items</b>	
	None received - the Principal had a potential declaration of interest given her SFC advisory role in respect of college infrastructures but no conflict was anticipated	
03	<b>Minutes of Previous Meetings 18 May 2023</b>	
	These were duly adopted as an accurate record	
04	<b>Matters Arising from the Previous Meeting</b>	
	The Principal confirmed that the Action Point under Item 0.7 of the minute had been overtaken but there were no other matters arising not covered by other business	
05	<b>Matters for Approval</b>	
	<b>5.1 Actuarial assumptions – accounts 2022/23</b>	
	The Committee considered and agreed the actuarial assumptions contained in the paper as presented by the Financial Accountant and referred to for its detailed terms and especially noted the production of pension asset/liability valuations by Hymans Robertson for inclusion within the 2022-23 financial statements. It was significant that the external audit service was content with the appropriateness of the factors and indices used	

	<p><b>5.2 Financial Forecast Report (FFR) 2022/3 to 2025/26</b></p> <p>The Committee noted</p> <ul style="list-style-type: none"> <li>• That the FFR reflects the management forecast figures which were presented to the Board in June 2023 in respect of the Budget 2023-24 and this paper is thus for information only.</li> <li>• The comments made and the financial and cash position at the end of the period of review.</li> </ul> <p>The FFR for the College however painted a bleak picture against the backdrop of a reduction in committed funding from the Scottish Funding Council and the pressure placed on cashflow across the Scottish college sector over the forthcoming period. With funding cuts and activity target reductions, the College is forecasting deficits for the next 3 years:</p> <p>2023-24: £761k deficit  2024-25: £1,904k deficit  2025-26: £2,443k deficit</p> <p>It was especially noted that there was a salary settlement outstanding for September 2022 and a further settlement for September 2023 now to be addressed. Should the settlement(s) be above the level assumed by the College, the deficits intimated would be higher.</p> <p>Job Evaluation remained an ongoing issue and legal advice had been taken on the College's position re the process going forward. The Committee noted that whilst it was intended that any Job Evaluation settlement should be funded in its entirety by SFC, the College had been accruing an unfunded element in its accounts annually in case there was an unfunded College liability. It was also noted that the Job Evaluation exercise was based on an implementation date of 1<sup>st</sup> September 2018.</p>
06	<p><b>Matters for Discussion</b></p>
	<p><b>6.1 Quarter 4 Management Accounts</b></p> <p>The Committee noted the financial position for the year and the narrative that supports the figures and the cashflow situation as notified to Scottish Funding Council and that this represented good progress</p> <p>It was especially noted that: -</p> <p>The College is confident of meeting its credit target of 48,812 and thus there is no potential for clawback. In that regard, it was observed that the Funding Council has allowed for more flexibility with a 2% negative or positive tolerance being applied in any case. That said, the College aim is always to achieve target.</p> <ul style="list-style-type: none"> <li>• The forecast deficit has risen from £503k as at Quarter 3 to £691k at Quarter 4. The main contributors to the net increase are the additional costs of clearing the backlog of assessment in the Construction Area (approx. £100k) and an increase in non-salary spend in academic areas as a whole with, in particular, prices of raw materials in the Construction and Hospitality areas rising significantly. This will be the subject of further review as some of the expenditure will relate to 2023/24 and can thus be recorded as Prepayments.</li> </ul>

	<ul style="list-style-type: none"> <li>• There is no indication that the salary award claims from 1<sup>st</sup> September 2022 will be settled in the near future; the forecast therefore reflects the award as contained within the budget.</li> </ul> <p>There was also detailed discussion of the reality that whilst there was seen to be a sterling job of doing more with less, the challenge ahead would be in creating additional income generation. The Chairing Member observed that it was good to see successful applications for grants, this did not alleviate the clear reduction in income from central sources.</p> <p>At all costs, the Committee was determined that there would be no adverse impact on the student body.</p>
	<p><b>6.2 Cashflow Report</b></p> <p>This was considered alongside Item 6.1.</p> <p>The figures are referred to for their detailed terms. These appeared healthy but could give a false picture as some funds held were committed but currently unspent. The Committee however, noted that there was daily cash monitoring so that the true picture was always fully understood.</p>
	<p><b>6.3 Quarterly Update on Procurement</b></p> <p>The Committee noted the report as submitted and which is referred to for its detailed terms.</p> <p>The Committee noted in particular that significant progress was being made in respect of procurement processing and procedures, the detail of contracts that have been either completed or put out to tender and the savings made since the last report and the contracts placed.</p> <p>Key points noted were:</p> <ul style="list-style-type: none"> <li>• 6 contracts have been placed of which two were funded directly by the Scottish Government following successful bids by the College.</li> <li>• A significant saving of £77k over 4 years was made via the replacement of the College's telephony system.</li> <li>• The additional resource provided by APUC is allowing the College to address the replacement of major contracts and services, e.g., the HR system, telephony, the provision of refectory services, the replacement of the College's enrolment / student record system.</li> </ul>
	<p><b>6.4 Quarterly Facilities Update</b></p> <p>The Committee noted the update, which is referred to for its detailed terms and noted in general the progress on work taking place in the College, the terms of the contract monitoring review and the sustainability charts reporting on energy, waste, water and gas.</p> <p>The Committee noted in particular that: -</p> <ul style="list-style-type: none"> <li>• The Intrusive External Building Survey is complete, and the College is putting together a 4-year work plan.</li> <li>• Workroom spaces have been adapted to make them more user friendly.</li> <li>• Further capital work is being planned with the use of architects to consider the space utilisation in the building, with the next focus on the reception area.</li> <li>• An update on the College's service providers and their Red Amber Green (RAG) status and noting that some providers are part of the procurement processes in train.</li> <li>• The College had received £10,000 of funding from the Water Efficiency Fund to use for projects such as waterless urinals.</li> </ul>

	<p><b>6.5 Accounts Guidance Documents:</b></p> <p>The following documents informed the discussions of the Committee and were noted accordingly</p> <p>6.5.1 Accounts Guidance issued by SFC  6.5.2 Accounts Guidance Notes  6.5.3 Good Practice Note issued by Audit Scotland</p>
	<p><b>6.6 Draft Annual workplan of the Committee</b></p> <p>The committee considered and approved the Annual Workplan which had fleshed out the outline provided by the Governance Professional,</p> <p>This appeared comprehensive but it was understood that of necessity any work plan had to be a dynamic document adapting to developing circumstances.</p>
07	<p><b>Matters for Information</b></p>
	<p><b>7.1 Consolidated Regional Accounts 2021/22</b></p> <p>The accounts are referred to for their detailed terms and reflected the nature of the challenges ahead. On a point of information, the Committee was advised that discussions were still ongoing with regard to possible dissolution of the Regional Board.</p>
	<p><b>7.2 Capital Expenditure Plan</b></p> <p>This was considered and the Committee noted the work in hand and that capital expenditure and major projects were the subject of ongoing review.</p>
	<p><b>7.3 Schedule of Annual Finance-Related Reporting</b></p> <p>This had already been considered under Item 6.6 and no further discussion was required.</p>
	<p><b>7.4 College Infrastructure Plan</b></p> <p>This was a welcome document which recognised the need to be ready for the overarching sector wide Infrastructure Review.</p>
09	<p><b>Any Other Business</b></p> <p>The Committee noted that this would be the last Committee Meeting to be attended by the Head of Finance who was retiring after a long and distinguished career. The Committee took the opportunity of paying tribute to his sterling services over the years.</p>
10	<p><b>Summation of Actions and Dates of Next Meetings</b></p> <p>No specific action points but all observations duly minuted</p> <ul style="list-style-type: none"> <li>• FRC – 27 November (joint meeting with ARC)</li> <li>• RSB Finance &amp; Resources Comm. – 11 Sep 2023</li> </ul>



### FINANCE & RESOURCES COMMITTEE

<b>DATE</b>	27 November 2023
<b>TITLE OF REPORT</b>	Quarter 1 Management Accounts & Cashflow
<b>REFERENCE</b>	06.1 & 06.2
<b>AUTHOR AND CONTACT DETAILS</b>	Elaine McKechnie – VP Finance, Resources & Sustainability Elaine.McKechnie@slc.ac.uk
<b>PURPOSE:</b>	To update Committee on actual financial results for the quarter ending 31 October 2023 in conjunction with a projection of cashflow based on actual income and expenditure to 31 October 2023.
<b>KEY RECOMMENDATIONS/ DECISIONS:</b>	Members are asked to: <ul style="list-style-type: none"><li>• note the financial position for the quarter and the narrative that supports the figures;</li><li>• note the cashflow situation as notified to Scottish Funding Council and the SLT monthly; and<ul style="list-style-type: none"><li>▪ support the reinvestment of £750k into a further 4-month secure deposit account for further interest generation potential and decide on a specific purpose for the interest generated from these deposit terms, if any.</li></ul></li></ul>
<b>RISK</b>	The main risks are to: <ul style="list-style-type: none"><li>• Going concern; that the College cannot maintain financial sustainability and is unable to provide high quality education and support to its students; and that</li><li>• There are insufficient funds for capital maintenance and maintenance requirements.</li></ul>
<b>RELEVANT STRATEGIC AIM:</b>	<ul style="list-style-type: none"><li>• The Highest Quality Education and Support</li><li>• Sustainable Behaviours</li></ul>
<b>SUMMARY OF REPORT:</b>	<ul style="list-style-type: none"><li>• The report contains a summary of income and expenditure for first quarter to 31 October 2023, resulting in an 'artificial' surplus of £863k because of the absence of pay settlements. Had salary awards been agreed and paid in this quarter at the flat cash levels of £3,500 and £2,500 for lecturing staff and support staff respectively, the surplus would have been eroded, resulting in a (£559k) deficit.</li><li>• The findings of the quarterly management accounts process suggest that there is still some income to be accrued for the first quarter given fee cycles have not been fully completed.</li></ul>

	<ul style="list-style-type: none"><li>• Similarly, only a few material provisions and adjustments to the accounts have been factored in and more work is required to fully embed the monthly incorporation of adjustments for income and expenditure that should be deferred from the period into a future period or accrued into the existing period.</li><li>• Nevertheless, the accounts reflect all relevant financial data as held in the system to 31 October 2023 and the Committee should be assured of on-going work in this area to ensure heightened accuracy and transparency in results reporting going forward.</li><li>• The cash flow report submitted to the SFC is a stark reminder of how precarious College funds will be once salary awards and general ongoing inflationary pressures are factored in. While there may be circa £2m in the bank at the end of the year, with further cuts to grant funding in real terms, this would be eroded in 2024-25 in the absence of a strategic review and rationalisation of operations in the current year.</li><li>• The strategic review of operations that is scheduled to take place during 2023-24 will also help the College rationalise its expenditure and investigate routes into other income diversification initiatives.</li><li>• The Committee should also be encouraged by the work that is on-going to monitor cash flow and realise additional income through bank accounts with greater interest earning potential.</li></ul>
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## **1. INTRODUCTION**

- 1.1. This paper provides an overview of actual financial results for the quarter ending 31 October 2023 in conjunction with a projection of cashflow for academic year 2023-24 based on actual income and expenditure to 31 October 2023.

## **2 BACKGROUND**

- 2.1 The financial results to 31 October 2023 and the cashflow contained within this paper paint a very familiar picture within the wider College sector, with depleted income levels and rising costs owing to a variety of generic inflationary pressures and geopolitical factors.
- 2.2 Owing to the uncertainty of salary awards and the potential impact likely salary increases will have on College finances, the paper further evidences the requirement for the College to undertake a wider strategic review of its operations during the year to ensure the implementation of new initiatives that drive efficiencies, maximise value and identify new and diverse income streams against the backdrop of the College risk appetite.

## **3 ASSUMPTIONS AND LIMITATIONS**

- 3.1 The Committee is asked to consider the limitations of the management accounts process at this current stage in the academic year; primarily:
  - 3.1.1 Unless known or communicated by curriculum areas upfront, fee income has not been fully recognised for all August intake courses as yet through the finance system and Student Records will continue to raise invoices up until the end of November 2023. Utilising Power BI modules, further work is required by the College to ascertain an accurate assessment of outstanding fee invoices yet to be raised each month, together with effective phasing and allocation, as part of a drive to put in place a more robust month end process.
  - 3.1.2 The financial data within the accounts has been verified to the accounting system as at 31 October 2023. While some of the more material adjustments have been made for amounts that relate to the period but have not yet been realised, full provision of accruals and prepayments for income and expenditure has not been factored into the management accounts for quarter ending 31 October 2023. Finance will look to enhance this feature of monthly reporting for subsequent quarterly outputs.
  - 3.1.3 The full year budget deficit of £761k reflects the least likely scenario of a 3% salary per annum award at this stage, given that no such increase has yet been communicated.
  - 3.1.4 The quarterly budget to 31 October 2023 has been phased to take account of known factors while other lines of the income and expenditure budget are a 3-month pro-ration of the full year expected totals.
  - 3.1.5 The full year forecast for 2023/24 has been adjusted to take account of the more realistic salary settlements of £3,500 per annum for lecturing staff and £1,500 per annum for support staff by the end of 2023-24. Furthermore, the forecast continues

to reflect the budget for capital expenditure and net depreciation expense in the absence of monthly fixed asset reporting.

#### **4 MANAGEMENT ACCOUNTS: OPERATING SURPLUS/(DEFICIT)**

4.1 Being mindful of the limitations above, the College recognised an operating surplus of £861k however this is due to salary award increases that have not yet been agreed and communicated. As the accounts demonstrate, factoring in an anticipated quarterly salary expense had flat cash settlements of £3,500 for lecturing staff and £1,500 for support staff been agreed in the first three months of the year, the surplus would have very quickly been eroded to a deficit of (£559k) versus expected budget surplus of £136k. The first quarter results give a strong indication of the financial pressures that are being felt sector-wide and further emphasise the requirement for closer monthly financial monitoring.

#### **5 MANAGEMENT ACCOUNTS: INCOME**

5.1 Total income of £4,082k has been received in the first quarter of the year, with £3,796k relating to Scottish Funding Council (SFC) grants, representing 93% of total income. As recognised as a limitation above, the College anticipates that this % is superficially inflated given that some other income sources have not yet been fully recorded as fees. SFC grant funding accounted for 82% of the college's income in 2022/23 (81% in 2021/22) and the national average, based on the SFC's review of 2021/22 college data, was 78%, which supports the conclusion that there may be other sources of income yet to accrue. As above, the College plans to review its income recognition procedures to more accurately reflect income when it has been earned.

5.2 Recurrent grant in aid from Scottish Funding Council of £3,253k was received into the bank across August – October 2023. Similarly, the College received £425k in respect of capital maintenance and £41k digital poverty initiatives from SFC. Some of this income will be reallocated to estates and IT related capital spend within fixed assets during 2023/24. Further work is required to build up a monthly rolling review of our capital expenditure through which the College can earmark specific funding received against projects at more regular reporting intervals, rather than just being a year-end consideration. This improvement will allow for closer monitoring of both the use and availability of funding for capital projects as the academic year progresses.

5.3 Within 'other income' of £286k, a further £15k of Flexible Workforce Development Fund monies was received from SFC during the first quarter and it is anticipated that within the wider remit of Alternative Funding, a further £130k of fees relating to the first quarter is now due for various projects, such as SDS Modern Apprenticeships, the Rural Academy and Shared Prosperity Funds.

#### **6 MANAGEMENT ACCOUNTS: EXPENDITURE**

6.1 Wages and salaries are conservatively stated at £2,261k, being under budget by £546k for the quarter. However, this can be fully explained by the absence of salary award increases at this point in the year due to on-going disputes and uncertainty around likely final settlements.

6.2 Non salary expenditure/overheads of £957k (versus £1,327k budget) appear to reasonably well controlled in the following departmental areas of Property, Central Services, Marketing, Academic Supplies and Cross College Costs at this stage in the academic year. However, it should be noted that these results do not include full adjustments for elements of costs that should be deferred into future periods or incorporated into this quarter and so it is vital that the College incorporates these provisions and adjustments in full in future sets of management accounts. This will help the College track expenditure more closely monthly; enabling proactivity in managing subsequent spend. Committee members should also be encouraged that the College currently conducts monthly reviews of expenditure with departmental heads and curriculum managers, following the implementation of this initiative in 2022-23. The College is planning to deliver a training session on how to interpret financial results for those managers who lack the relevant finance knowledge required to fully understand their reports.

6.3 As mentioned above, the capital funds from SFC will eventually form part of the expenditure on capital in this section however the split/apportionment of funds received to date is not yet known and so no contra to the income has yet been recognised as expenditure.

6.4 No net depreciation is currently recognised at this stage in the year as fixed assets tend to be reconciled at yet. The College will look at options to review and monitor depreciation monthly in due course. The prior year net depreciation figure for 2022-23 was £593k and against a budget of £620k.

## **7 CASH FLOW**

7.1 The College makes a cashflow return to the Funding Council each month. This incorporates its required drawdown, based on the grant in aid allocation, and it also incorporates a cashflow forecast for the year.

7.2 The attached document covered the College's October drawdown and forecast and contains assumptions on the phasing of major capital expenditure spends. It highlights that the cash position will be precariously balanced by the end of the year, even with expected flat cash salary awards of £3,500 and £1,500 for lecturing staff and support staff respectively. Nevertheless, despite cash reserves of circa £2m on the submission, the lack of control around the setting of salary rates and the potential for further increases will likely erode cash balances entirely in 2024-25, in the absence of a strategic review taking place this year to rationalise expenditure and seek initiatives for income growth and income diversification.

7.3 The College continues to monitor its cashflow regularly and creates opportunity for some bank interest generation on balances held via bi-weekly transfers between the current account and a current reserve account with higher interest generation potential. Furthermore, the College placed £750k on a 4-month short term deposit account expiring 01/12/2023 and this will realise a further £11.3k of bank interest. The Committee is asked to consider whether this interest should be earmarked for use against a specific project or initiative. Similarly, the Committee is encouraged to consider a further commitment of existing 'surplus' funds into the deposit account for a further agreed period. This will depend on the likely timing of pay increases. The College would recommend that a deposit of £750k is placed into the account for a further 4-months as

cash reserves will support this even while there is still some uncertainty around timing of award payouts.

7.4 In terms of other cash flow tracking initiatives, the College is keen to bring greater awareness of cashflow to the Senior Leadership Team (SLT) monthly to help guide and influence more financially astute decision making across all operations. The SLT is presented with a short term monthly cashflow for the forthcoming month, with explanation given for any material deviation each month.

7.5 Cashflow continues to be a priority and concern for the College and the strategic review of operations that is scheduled to take place during 2023-24 will also help the College rationalise its expenditure and investigate routes into other income diversification initiatives.

## 8 QUARTERLY MANAGEMENT ACCOUNTS TO 31 OCTOBER 2023

<b>Management Accounts</b> <b>Quarter to 31st October 2023</b>		Note	<b>3 Months to Oct 2023</b>			<b>12 Months to Jul 2024</b>		
			<b>2023/24</b>			<b>2023/24</b>		
			<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Forecast</u>	<u>Budget</u>	<u>Variance</u>
			<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<b>INCOME</b>								
	SFC - Grant in Aid	1	3,253	3,700	(447)	13,724	13,724	0
	SFC - ESF	2	16	90	(74)	316	375	(59)
	SFC - Capital	3	476	218	258	870	870	0
	SFC - Salaries Contribution	4	38	44	(7)	177	177	0
	SFC - Other	5	14	0	14	0	0	0
	<b>Total SFC income</b>		<b>3,796</b>	<b>4,052</b>	<b>(256)</b>	<b>15,087</b>	<b>15,146</b>	<b>(59)</b>
	FWDF	6	15	65	(50)	295	360	(65)
	Fees	7	141	88	53	2,035	1,726	309
	Alternative Funding	8	130	52	78	279	207	72
	Other income	9	0	17	(17)	69	69	0
	<b>Total Income</b>		<b>4,082</b>	<b>4,273</b>	<b>(192)</b>	<b>17,765</b>	<b>17,508</b>	<b>257</b>
<b>EXPENDITURE</b>								
<b>Wages &amp; Salaries</b>								
	Recurrent		2,299	2,757	459	14,880	13,507	(1,373)
	SFC - salaries contribution		(38)	44	82	(177)	177	354
	Pension Provision		0	8	8	30	30	0
		10	2,261	2,809	548	14,733	13,714	(1,019)
				548				
<b>Non Salary Expenditure</b>								
	Property	11	276	240	(36)	1,032	960	(72)
	SFC - Capital	Contra	0	218	218	870	870	0
	SFC - Other	Contra	(6)	0	6	(24)	0	24
	Net Depreciation	12	0	155	155	620	620	0
	Central Services	13	212	262	50	811	950	139
	Marketing	14	14	25	11	124	130	6
	Academic supplies	15	448	419	(29)	1,088	970	(118)
	Cross College Costs	16	13	9	(4)	61	55	(6)
			957	1,327	370	4,583	4,555	(28)
	<b>Total Expenditure</b>		<b>3,218</b>	<b>4,137</b>	<b>(192)</b>	<b>19,316</b>	<b>18,269</b>	<b>257</b>
	<b>Surplus / (Deficit)</b>		<b>863</b>	<b>136</b>	<b>727</b>	<b>(1,551)</b>	<b>(761)</b>	<b>(790)</b>
<b>Wages &amp; Salaries</b>								
	- total as above		2,261					
	- restated using £3,500 and £1,500 settlement		3,683					
	- likely oncost		(1,422)	0	0	0	0	0
	<b>Adjusted Surplus/(Deficit) at 31 Oct 2023</b>		<b>(559)</b>	<b>136</b>	<b>(422)</b>	<b>(1,551)</b>	<b>(761)</b>	<b>(790)</b>

## 9 MONTHLY CASHFLOW SUBMITTED TO THE SFC

Monthly cashflow forecast:	SLC				November													
	Actual								Current	Forecast							Totals	
	Apr-23 Actual	May-23 Actual	Jun-23 Actual	Jul-23 Actual	Aug-23 Actual	Sep-23 Actual	Oct-23 Actual	Nov-23 Current	Dec-23 Forecast	Jan-24 Forecast	Feb-24 Forecast	Mar-24 Forecast	Apr-24 Forecast	May-24 Forecast	Jun-24 Forecast	Jul-24 Forecast	Total FY 2023-24	Total AY 2023-24
<b>RDEL</b>																		
Income from foundation (revenue)																	0	0
Other Income excluding EMA (revenue)	403,167	753,057	118,176	129,917	72,714	125,923	287,117	150,869	248,116	229,030	129,784	396,232	307,791	424,909	201,343	163,172	3,044,101	2,737,000
RSB funding			0	0													0	0
<b>Total RDEL income (excluding drawdown)</b>	<b>403,167</b>	<b>753,057</b>	<b>118,176</b>	<b>129,917</b>	<b>72,714</b>	<b>125,923</b>	<b>287,117</b>	<b>150,869</b>	<b>248,116</b>	<b>229,030</b>	<b>129,784</b>	<b>396,232</b>	<b>307,791</b>	<b>424,909</b>	<b>201,343</b>	<b>163,172</b>	<b>3,044,101</b>	<b>2,737,000</b>
Wages and Salaries	1,114,313	862,776	859,528	1,291,830	585,862	783,317	768,856	1,329,911	1,423,846	1,335,129	1,328,544	1,275,615	1,295,099	1,002,752	1,301,708	1,743,359	12,959,528	14,174,000
restructuring costs																	0	0
Other Operating Expenditure excl' EMA	263,048	746,556	633,368	487,770	523,772	655,974	639,319	202,461	202,461	221,442	265,703	253,076	166,428	298,213	253,076	253,076	5,094,949	3,935,000
NPD Unitary charges (paid by colleges)																	0	0
Donation to Foundation																	0	0
High priority backlog- resource																	0	0
Lifecycle maintenance resource					0	0	0	0	0	0	0	0	0	0	0	0	0	0
Student Support expenditure (excluding EMA)	613,208	361,088	88,679	0	0	117,468	213,919	594,541	479,175	425,934	575,010	479,175	652,965	384,499	319,450	212,967	3,948,198	4,455,104
<b>Total RDEL expenditure</b>	<b>1,990,570</b>	<b>1,970,420</b>	<b>1,581,574</b>	<b>1,779,600</b>	<b>1,109,635</b>	<b>1,556,759</b>	<b>1,622,094</b>	<b>2,126,913</b>	<b>2,105,482</b>	<b>1,982,505</b>	<b>2,169,257</b>	<b>2,007,866</b>	<b>2,114,492</b>	<b>1,685,464</b>	<b>1,874,235</b>	<b>2,209,402</b>	<b>22,002,675</b>	<b>22,564,104</b>
<b>Net RDEL expenditure (a)</b>	<b>-1,587,403</b>	<b>-1,217,363</b>	<b>-1,463,398</b>	<b>-1,649,683</b>	<b>-1,036,921</b>	<b>-1,430,836</b>	<b>-1,334,977</b>	<b>-1,976,045</b>	<b>-1,857,366</b>	<b>-1,753,474</b>	<b>-2,039,474</b>	<b>-1,611,634</b>	<b>-1,806,701</b>	<b>-1,260,555</b>	<b>-1,672,891</b>	<b>-2,046,230</b>	<b>-18,958,574</b>	<b>-19,827,104</b>
<b>CDEL</b>																		
Income from foundation (capital)																	0	0
Proceeds of sale of fixed assets																	0	0
Other income (capital)	176,519				216,892		81,693	78,415									553,519	377,000
<b>Total CDEL income</b>	<b>176,519</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>216,892</b>	<b>0</b>	<b>81,693</b>	<b>78,415</b>	<b>0</b>	<b>553,519</b>	<b>377,000</b>							
Backlog maintenance capital					74,454	120,860	76,329	103,333	38,358		103,333			103,333			516,667	620,000
Lifecycle maintenance capital		99,311			125,000		41,667	41,667			41,666			41,667			307,644	250,000
Digital poverty							40,617			20,308							60,925	81,234
Other capital expenditure (land, buildings, fixtures, IT)	265,305		74,503	436,808													776,616	0
Work in Progress (Assets Under Construction)																	0	0
Surrender of proceeds																	0	0
<b>Total CDEL expenditure</b>	<b>265,305</b>	<b>99,311</b>	<b>74,503</b>	<b>436,808</b>	<b>199,454</b>	<b>120,860</b>	<b>76,329</b>	<b>185,617</b>	<b>38,358</b>	<b>20,308</b>	<b>144,999</b>	<b>0</b>	<b>20,308</b>	<b>145,000</b>	<b>0</b>	<b>0</b>	<b>1,661,852</b>	<b>951,234</b>
<b>Net CDEL expenditure (b)</b>	<b>-88,786</b>	<b>-99,311</b>	<b>-74,503</b>	<b>-436,808</b>	<b>17,439</b>	<b>-120,860</b>	<b>5,364</b>	<b>-107,202</b>	<b>-38,358</b>	<b>-20,308</b>	<b>-144,999</b>	<b>0</b>	<b>-20,308</b>	<b>-145,000</b>	<b>0</b>	<b>0</b>	<b>-1,108,333</b>	<b>-574,233</b>
<b>ODEL</b>																		
<b>Capital Loan/Lennartz Repayments (c)</b>																	<b>0</b>	<b>0</b>
<b>EMA</b>																		
EMA income	4,370	4,770	8,430	7,500	2,340	0	1,320	2,610	2,500	9,000	5,500	5,400	8,800	4,400	5,100	8,700	53,740	55,670
EMA expenditure	4,770	8,430	7,500	390	0	1,350	2,610	2,500	9,000	5,500	5,400	8,800	4,400	5,100	8,700	6,500	56,250	59,860
<b>Net EMA (d)</b>	<b>-400</b>	<b>-3,660</b>	<b>930</b>	<b>7,110</b>	<b>2,340</b>	<b>-1,350</b>	<b>-1,290</b>	<b>110</b>	<b>-6,500</b>	<b>3,500</b>	<b>100</b>	<b>-3,400</b>	<b>4,400</b>	<b>-700</b>	<b>-3,600</b>	<b>2,200</b>	<b>-2,510</b>	<b>-4,190</b>
<b>Total Net Outflows/(Inflows) (a) +(b)-(c) +(d)</b>	<b>-1,676,589</b>	<b>-1,320,334</b>	<b>-1,536,971</b>	<b>-2,079,381</b>	<b>-1,017,142</b>	<b>-1,553,046</b>	<b>-1,330,903</b>	<b>-2,083,137</b>	<b>-1,902,224</b>	<b>-1,770,283</b>	<b>-2,184,373</b>	<b>-1,615,034</b>	<b>-1,822,610</b>	<b>-1,406,255</b>	<b>-1,676,491</b>	<b>-2,044,030</b>	<b>-20,069,417</b>	<b>-20,405,527</b>
<b>Opening Bank Balance</b>	<b>3,250,188</b>	<b>3,278,599</b>	<b>3,712,701</b>	<b>3,784,962</b>	<b>3,261,244</b>	<b>3,811,637</b>	<b>3,438,714</b>	<b>3,482,603</b>	<b>3,120,621</b>	<b>2,941,906</b>	<b>2,720,774</b>	<b>2,460,750</b>	<b>2,543,920</b>	<b>2,460,686</b>	<b>2,598,877</b>	<b>2,513,408</b>		
<b>Net Cash Available</b>	<b>1,573,599</b>	<b>1,958,265</b>	<b>2,175,730</b>	<b>1,705,581</b>	<b>2,244,102</b>	<b>2,258,591</b>	<b>2,107,811</b>	<b>1,399,467</b>	<b>1,218,397</b>	<b>1,171,624</b>	<b>536,402</b>	<b>845,716</b>	<b>721,310</b>	<b>1,054,431</b>	<b>922,386</b>	<b>469,377</b>		
<b>SFC Cash Drawdown Total</b>	<b>1,705,000</b>	<b>1,754,436</b>	<b>1,609,232</b>	<b>1,555,663</b>	<b>1,567,535</b>	<b>1,180,123</b>	<b>1,374,792</b>	<b>1,721,155</b>	<b>1,723,509</b>	<b>1,549,151</b>	<b>1,924,348</b>	<b>1,698,204</b>	<b>1,739,375</b>	<b>1,544,446</b>	<b>1,591,021</b>	<b>1,538,105</b>	<b>19,363,149</b>	<b>19,151,765</b>
<b>Closing Bank Balance</b>	<b>3,278,599</b>	<b>3,712,701</b>	<b>3,784,962</b>	<b>3,261,244</b>	<b>3,811,637</b>	<b>3,438,714</b>	<b>3,482,603</b>	<b>3,120,621</b>	<b>2,941,906</b>	<b>2,720,774</b>	<b>2,460,750</b>	<b>2,543,920</b>	<b>2,460,686</b>	<b>2,598,877</b>	<b>2,513,408</b>	<b>2,007,482</b>		

## 10 SHORT TERM MONTHLY CASH FLOW FORECAST TO SLT NOVEMBER 2023

South Lanarkshire College				
Short term cash flow forecast				
November 2023				
<b>Balance at 31 October</b>	<b>A</b>	<b>3,488,000</b>	<b>Note - anticipated balance per prior forecast = £3,440,000</b>	
		<b>Expected</b>	<b>Actual</b>	
<b>Inflow</b>				
SFC grant in aid drawdown		1,085,000		Month 4 of drawdowns
SFC student support drawdown		465,000		Month 4 of drawdowns
SFC other grant drawdown		171,500		Month 4 of drawdowns (£158k capital/maintenance funds and £13.5k mental health support)
		1,721,500		
Other (inc. fees)		175,000		
<b>Expected inflow for November</b>	<b>B</b>	<b>1,896,500</b>		
<b>Outflow</b>				
Salaries - net pay		(600,000)		Payable 24 November
Salaries - deductions		(468,000)		Employee & employer salary contributions, payable 6 Nov
Student support		(465,000)		Student support payouts likely higher across the month due to catch up following late finalisation of funding guidance in Oct 23.
Purchase ledger		(300,000)		
Grant expenditure				
<b>Expected outflow for November</b>	<b>C</b>	<b>(1,233,000)</b>		
<b>Movement during the month</b>	<b>(B - C) = D</b>	<b>663,500</b>		
<b>Expected cash at 30 November 2023</b>	<b>(A - D) = E</b>	<b>4,151,500</b>		
<b>Sums ring-fenced &amp; carried forward from financial year 2022/23</b>				
Salary award at 1 September 2022		625,000		
Job evaluation - unfunded		615,000		
Capital expenditure		0		Per CAPEX schedule - full £1m earmarked in 2022/23 has been spent
ESF clawback provision		131,000		
Building retention		32,000		
Student funding to be repaid		99,000		
Apprentice support fund		6,000		
	<b>F</b>	<b>1,508,000</b>		
<b>Provisions for items not in 2023/24 budget</b>				
Professional fees		300,000		
ET		?		
Difference between 5% and 3% salary award		260,000		
	<b>G</b>	<b>560,000</b>		
<b>Funds to be retained from cash balance</b>				
	<b>(F + G) = H</b>	<b>2,068,000</b>		
<b>Free funds forecast at 30 November 2023</b>	<b>(E - H) = J</b>	<b>2,083,500</b>		<b>Note: one month's salaries = £1.2m</b>
<b>Major contract income receivable in respect of previous financial years</b>				
CITB income invoiced in Oct 2023		56,975		22/23 payment still o/s
		56,975		
SNIPF income invoiced in Sep 2023		104,237		22/23 payment still o/s
Major contracts income receivable		161,212		

## 11 EQUALITIES

11.1 There are no new matters for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report.

## **12 RISK AND ASSURANCE**

12.1 The main risks are to:

12.1.1 Going concern; that the College cannot maintain financial sustainability and is unable to provide high quality education and support to its students; and that

12.1.2 There are insufficient funds for capital maintenance and maintenance requirements.

12.2 Assurances are given by the College that further work will be undertaken to provide greater accuracy and transparency in monthly reporting in due course. Furthermore, the College is committed to monitor its cashflow in both the short and long term and with more robust monthly reporting, the College will continually aim to be proactive in managing its finances against the context of a challenging year due to sectoral funding cuts and general inflationary pressures.

## **13 RECOMMENDATIONS**

13.1 Members are recommended to:

13.1.1 note the contents of the report, the financial position for the quarter and the narrative that supports the figures;

13.1.2 note the long term cashflow situation as notified to Scottish Funding Council and the short term cashflow situation as presented to the SLT monthly; and

13.1.3 Support the reinvestment of £750k into a further 4-month secure deposit account for further interest generation potential, deciding on a specific purpose for the interest generated from these deposit terms, if any.

**Finance and Resources Committee**

<b>DATE</b>	27 November 2023
<b>TITLE OF REPORT</b>	Procurement Update
<b>REFERENCE</b>	06.3
<b>AUTHOR AND CONTACT DETAILS</b>	Elaine McKechnie – VP Finance, Resources & Sustainability Elaine.mckechnie@slc.ac.uk
<b>PURPOSE:</b>	To update the Committee on the Procurement function
<b>KEY RECOMMENDATIONS/ DECISIONS:</b>	Members are asked to: <ul style="list-style-type: none"> <li>• Note the progress being made regarding procurement processing and procedures and the contracts that have been either completed or put out to tender.</li> <li>• Note the savings made since the last report and the contracts placed</li> </ul>
<b>RISK</b>	<ul style="list-style-type: none"> <li>• That there is a failure of Corporate Governance arrangements and / or Financial Controls where the College does not follow Scottish Government procurement guidance;</li> <li>• The College does not receive value for money.</li> </ul>
<b>RELEVANT STRATEGIC AIM:</b>	<ul style="list-style-type: none"> <li>• The Highest Quality Education and Support</li> <li>• Sustainable Behaviours</li> </ul>
<b>SUMMARY OF REPORT:</b>	<ul style="list-style-type: none"> <li>• 3 single source contracts have been placed and 3 tendered contracts have been awarded in the period.</li> <li>• A significant saving of £168k over 4 years has been confirmed on 4 projects.</li> <li>• The additional resource provided by APUC continues to allowing the College to address the replacement of major contracts and services, of which there are 12 currently in process e.g. Access control, the provision of fresh produce and refectory services, the replacement of the College's enrolment / student record system.</li> </ul>

## **1. INTRODUCTION**

1.1 This paper provides information on procurement activities within the College and savings made to date. The annual report will be due at the next Committee meeting in February 2024.

## **2 OVERVIEW**

2.1 The College is continuing to make progress on procurement process and procedure and is currently working towards refreshing all the procurement procedures, processes and templates and will be delivering training to all staff in due course. Since the date of the last meeting, the College has changed its contract with APUC for the existing 0.8 FTE Procurement Manager to become a 1.0 FTE role to better support the volume of work undertaken in this area by the College.

2.2 The fixed term contract for the additional APUC resource, Chris Harper, as a 1.0 FTE Procurement Project Manager, has also been extended with the College for a further 6-month period to 30 Jun 2024 to work on specific allocated projects given the current work demands.

## **3 PROCUREMENT REPORTING**

3.1 The Annual Report for the period 1 Aug. 22 – 31 Jul 2023 is currently being prepared and should be completed before the end of December 2023. It is hoped that the contents of this report will be available for Committee consumption by the February 2024 meeting.

## **4 SUSTAINABILITY / CARBON REDUCTION**

4.1 Sustainability continues to be a key focus in Procurement and opportunities to build sustainability into each contract will continue to be considered. Procurement continues to ensure that we build carbon reduction into the tendering exercise as it is important to adjust the working practices to enable us to reduce the carbon footprint. We have targets for reducing indirect emissions of greenhouse gases and to report on how we will align spending and use of resources with emissions reduction efforts.

4.2 As noted previously, the Supply Chain Manager attends the Sustainability Group to obtain information on anything that could be included in future procurement activities and to advise on opportunities for Community Benefit. There are no new outcomes or initiatives to report specifically at this stage.

## **5 PROCUREMENT MANAGER: ALLOCATED WORK**

5.1 Chris Harper (Procurement Project Manager) has been allocated the following projects to complete as per the table.

5.2 Table 1: Current Projects

Contract	Process
Washing Machines inc Maintenance	Quick Quote
Mechanical Maintenance	Open Tender
Disposable Towels	Framework
Trades Framework (Materials)	Open Tender
Washroom Services	Framework
Access Control (including maintenance of security alarm, fire alarms and CCTV)	Open Tender

5.3 Table 2: Single Tender Actions – Since last report

Contract	Service Area	Cost	Supplier(s)	Contracted
Minibus Hire	Facilities	£7,458	Arnold Clark	09/10/2023
Construction Machine Maintenance	Construction	£13,590	The Saw Centre	15/11/2023
Tools and Construction Consumables	Construction & Facilities	Not specified (ongoing spend)	Screw Fix	15/11/2023

5.4 Note that the College is obliged to report on all single tender action awards.

5.5 Table 3: The following contracts are due for renewal and work is still ongoing.

Contract	Expiry	Anticipated Procurement Process
Catering Services	30/06/2024	Open Tender

5.6 Table 4: Next Contracts to be placed

Contract	Type	Anticipated Procurement Process
HVAC	New	Open Tender

## 5.6 Contracts in the Tender Process

5.7 Table 4: The following contracts are currently going through the tender process and will be awarded in due course.

	Service	Area	Process	Stage	Via
1	Student Records	IT/MIS	Framework Agreement	Development of ITT	SH
2	Catering Services	Principalship	Open Tender/ Framework	Strategy	SH
3	Trade Framework (Materials)	Construction	Open Tender	Strategy	CH
4	Fresh Fruit & Veg	Hospitality	FRAMEWORK	STRATEGY	SH
5	Fresh Fish	Hospitality	Framework	Strategy	SH
6	Washing Machines	Facilities/Care	Quick Quote	Obtaining quotes	CH
7	Mechanical Maintenance/HVAC	Facilities	Open Tender	Tender Evaluation	CH
8	Biodegradable Towels	Care	Quick Quote	Pilot	CH
9	Trades Framework (Materials)	Construction/Facilities	Open Tender	Strategy	CH
10	Washroom Services	Facilities	Framework	Development of ITT	CH
11	Access Control (including maintenance of security alarm, fire alarms and CCTV)	Facilities/MIS	Open Tender	Strategy	CH
12	F-Secure- Antivirus	MIS	Framework	Development of ITT	SH

## 5.8 Awarded Contracts Since Last Report

5.9 Table 5: The following contracts have now been placed via tenders and / or extended.

Service	Contracted	Awarded to:	Value	Via
Hair & Beauty Uniforms	24/08/2023	Trafalgar Eurotech Ltd	Not specified	SH
Fresh Meat	23/10/2023	Campbell Prime Meat	Not specified	SH
Kitchen Equipment Maintenance	06/11/2023	NWCE Foodservice Equipment	£31,140	CH

## 6 UPDATE ON SAVINGS SINCE PREVIOUS REPORT

6.1 To justify increasing the APUC Procurement Manager 0.8 FTE role to a 1.0 FTE and to support the extension of the Procurement Project Manager's fixed term contract for a further 6 months, a report of annualised savings on contracts was prepared by the Procurement team and was presented to the Senior Leadership Team on 24 October 2023.

6.2 While the below list is not exhaustive, projected savings over a 4-year period on these projects alone will be £168,702.40.

6.2.1 Replacement of Landline (Softphones): saved £77,068 over a 4-year period which equates to £19,267 per year;

6.2.2 2022/06 – Mobile and voice Data: saved £ 82,896 over a 4-year period which equates to £ 20,724 per year; and

6.2.3 2022/02 – Multi –Functional Devices: saved £7,930.48

6.2.4 2022/18 - Lift maintenance: saved £807.92 per year.

6.3 Note that a full list of savings will be incorporated into the annual report, which will be presented to the February 2024 meeting of the Committee.

## 7 EQUALITIES

7.1 There are no new matters for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report.

## 8 RISK

8.1 That there is a failure of Corporate Governance arrangements and / or Financial Controls where the College does not follow Scottish Government procurement guidance; and

8.2 The College does not receive value for money.

## 9 RECOMMENDATIONS

9.1 Members are asked to:

9.2 Note the progress being made regarding procurement processing and procedures and the contracts that have been either completed or put out to tender; and

9.3 Note the savings made since the last report and the contracts placed



South  
Lanarkshire  
College

East Kilbride

### FINANCE AND RESOURCES COMMITTEE

<b>DATE:</b>	27 November 2023
<b>TITLE OF REPORT:</b>	Facilities Update (Reporting July to September 2023)
<b>REFERENCE</b>	06.4
<b>AUTHOR AND CONTACT DETAILS</b>	Craig Ferguson: Head Of Facilities and Health and Safety <a href="mailto:Craig.Ferguson@slc.ac.uk">Craig.Ferguson@slc.ac.uk</a>  James Jamieson: Curriculum Manager Building Services and Engineering <a href="mailto:James.Jamieson@slc.ac.uk">James.Jamieson@slc.ac.uk</a>
<b>PURPOSE:</b>	To provide the Finance and Resources Committee with a summary of in-year performance to date.
<b>KEY RECOMMENDATIONS/ DECISIONS:</b>	Members are recommended to note the following updates: <ul style="list-style-type: none"><li>• the building survey next steps and other works;</li><li>• contract monitoring (RAG) review; and</li><li>• sustainability charts reporting on energy, waste, water and gas.</li></ul>
<b>RISK</b>	<ul style="list-style-type: none"><li>• That essential estates work is not carried out on a timely basis impacting on the learner experience.</li><li>• That there is a failure to adhere to statutory and legislative health &amp; safety requirements.</li></ul>
<b>RELEVANT STRATEGIC AIMS:</b>	<ul style="list-style-type: none"><li>• Highest quality education and support - providing a high-quality environment for staff and students</li><li>• Sustainable behaviours – environmentally sustainable behaviours.</li></ul>
<b>SUMMARY OF REPORT:</b>	<ul style="list-style-type: none"><li>• The College has identified key areas for priority work both internally and externally.</li><li>• Lighting replacement works have been 80% completed.</li><li>• An update on the College's service providers and their Red Amber Green (RAG) status and noting that some providers are part of the procurement processes in train.</li><li>• The charts being used for the College's energy consumption, solar PV generation, waste and water provide a visual representation usage.</li></ul>

## **1. INTRODUCTION**

1.1 This paper outlines the progress of essential estates work, the standard contract monitoring update and the visual charts being used to report on sustainability and energy usage.

## **2. BUILDING SURVEY**

2.1 As previously reported the intrusive external building survey was carried out in April 2023 and is now complete. The Principal and Head of Facilities met with Blyth and Blyth to fully understand which areas needed to be prioritised in the report. The key areas included:

- 2.1.1 the replacement of the grey cladding panel to ensure the building remains watertight;
- 2.1.2 Annual, moving to biannual planned preventative maintenance to check fixings on flashings to the cladding especially near the roof;
- 2.1.3 box gutter repairs; and
- 2.1.4 The replacement of temporary panel at the front of the building. Note that this is not a health and safety risk it is more about providing a permanent fix as well checking the other panels in this area.

2.2 The box gutter work has now been completed as this was necessary to ensure that the roof remains watertight. The College is waiting on the outcome of the Scottish Government Energy Efficiency grant application which is for a “fabric first” approach which may also provide additional monies to support with the work required.

## **3 OTHER WORKS**

3.1 The College indicative funding allocation for 2023/24 academic year will provide a further £870k of capital spend. Architects have proposed multiple space utilisation improvements within the building for both students and staff as well as changes to the main atrium and reception areas. However, prioritisation needs to be given for essential building survey works so any additional work would need to be mindful of that. Current areas for improvement inside the building include:

- 3.1.1 replacing the entrance doors, to revolving ones, as the atrium is very cold, and this significantly impacts on staff working in that environment;
- 3.1.2 improving the atrium and implementing safety features to make the building more secure such as installing speed gates; and
- 3.1.3 relocating the reception area and creating a new space to the left side of the atrium, taking into account the speed gates.

3.2 Following the completion of the Fixed Wire Testing, the College has received the report and Distribution Board (DB) schematic for every board throughout the college. These will be placed in relevant cabinets and a follow up action carried out in due course.

## **4 CONTRACT MONITORING**

4.1 High level / large volume maintenance and repairs are contracted out to specialist businesses and are obtained via tendering process in collaboration with the College’s APUC procurement professional. These items and contractors are shown in the table below alongside their RAG ratings.

4.2 Each contract review starts with a list of key objectives and identifies opportunities to improve, both in terms of the current contract itself, and in feeding into future contract negotiations, and key achievements. The review uses a scorecard format and will

identify key improvement actions, with timescales and responsibilities stated. Any issues and risks identified will be raised with the supplier and a system of measuring and monitoring KPIs will be introduced. Examples of this would be:

- Shortages reported;
- Deliveries missed or late;
- Quality of service or goods;
- Invoice accuracy; and
- General customer satisfaction as reported by the end user.

*Table 1: Service Providers*

RAG Rating		Expense - Supplier	Progress to Green: Key Actions
Last Quarter	This Quarter		
		Gas - Supply – Total Gas	
		Gas - College Infrastructure – ECG	Under review and contract soon to go out to tender. Progress being made on tender.
		Electricity – Supply – EDF	Monitor cost increases
		Electricity – Feed in Tariff – Scottish Power	No Concerns
		Electricity – College Infrastructure –	Temporary electrical contractor in place for urgent and emergency works, service is excellent. Awaiting joint contract award with NCL.
		Elevators - Kone, maintaining all five elevators	Excellent response times and experienced engineers.
		Mechanical & Ventilation – ECG	Under review and contract soon to go out to tender. Progress being made on tender.
		Kitchen equipment, including refrigeration units – React Catering Services Ltd	Response time is as expected, some follow up repair calls have been needed but service is good
		Water – Supply – Business Stream	No issue
		Water – College Infrastructure - ECG	Under review and contract soon to go out to tender. Progress being made on tender.
		Laundry Equipment PPM & Reactive – JLA	Service to continue for 6 months until review of compostable towels is complete.
		CCTV – DANTE Security Systems Access control) – No provider	Note that this is on the procurement schedule. The College is seeking to secure a contact via APUC in the near future for a long-term contactor. Dante no longer supporting us.
		Security Systems (Alarms) – Connolly Security Services	No issue.
		Fire Systems – Connolly Security Services (Fire Division)	This has improved since August 2023 Committee, through liaising and working to improve service.
		Pest Control – Environmental Services Pest Control Ltd	Good service provision and very reactive
		Construction Machinery Maintenance – Inhouse and 'The Saw Centre'	Carried out internally and backed up by routine maintenance contractor services employed

		Waste & Recycling – Biffa	Service levels have improved to a satisfactory level. Contract review meetings in place. It has been highlighted that general waste is not being separated which will be part of the next review meeting.
		Ground's maintenance – IPSUM	Service levels have fluctuated recently. Liaising with contractor to resolve

4.3 The Head of Facilities and the APUC Procurement staff member continue to meet weekly to check the progress of contracts that require updating, and work on tenders. This proves to be a worthwhile meeting to both parties. The APUC Procurement team have noted excellent progress made due to the closer working relationship with the Facilities team.

## 5 SUSTAINABILITY

5.1 Table 2: Solar Panel Production

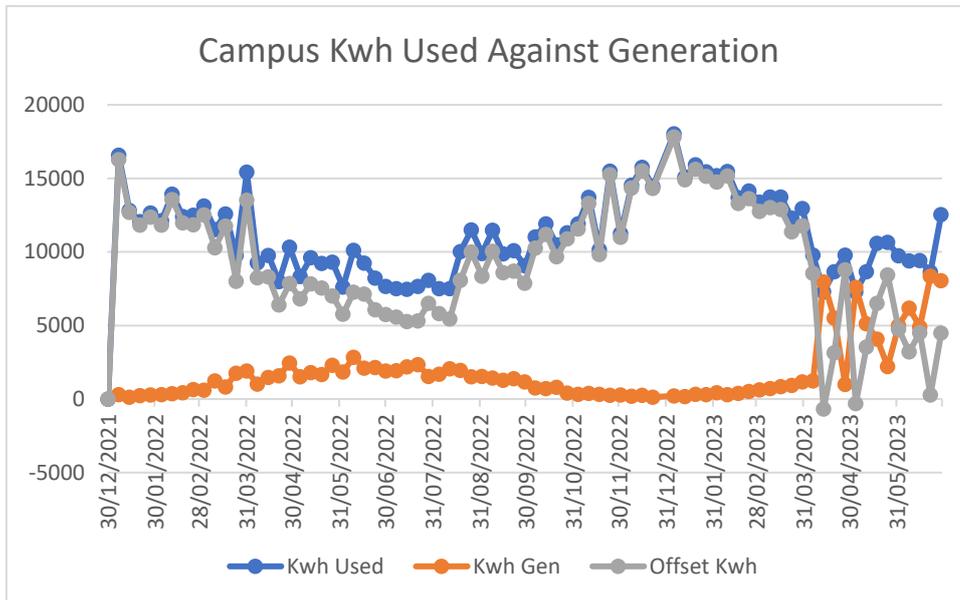
Reporting Period	Construction Wing	Annex	Low Carbon House	Total Kwh
Jan-Mar 2021	3,567	612	117	4,296
Apr-Jun 2021	172 (FAULT)	1,011	183	1,366
Jul - Sept 2021	171 (FAULT)	4,345	585	5,101
Oct- Dec 2021	1,378	3,931	555	5,864
Jan – Mar 2022	1,828	476	109	2,413
Apr-Jun 2022	7501	1301	236	9,038
Jul-Sept 2022	20063	4040	536	24,639
Oct-Dec 2022	18022	3562	503	2,2087
Jan – Mar 2023	4080	638	142	4,860
Apr-Jun 2023	72,876	2,206 (F)	599	75,681
Jul-Sept 2023	65,793	2537	476	68,806

*NOTE: Quarter year comparison is low due to a fault with one of our arrays. This has been fixed; however, the output will not have reached its full potential. In addition, the solar PV inverter in the Annexe had to be replaced in June 2023*

5.2 The Solar Photovoltaics (PV) panel figures are as expected for this time of year, and this reporting period will see a decrease in generated hours due to the decrease in daylight hours. In comparison to this time last year and the fault in the annexe, with installation of the new system, a total of 44,167 additional Kwh has been generated within this reporting period.

5.3 The College has also added an additional graph below to display the College generated electricity from all PV sources against all energy used below.

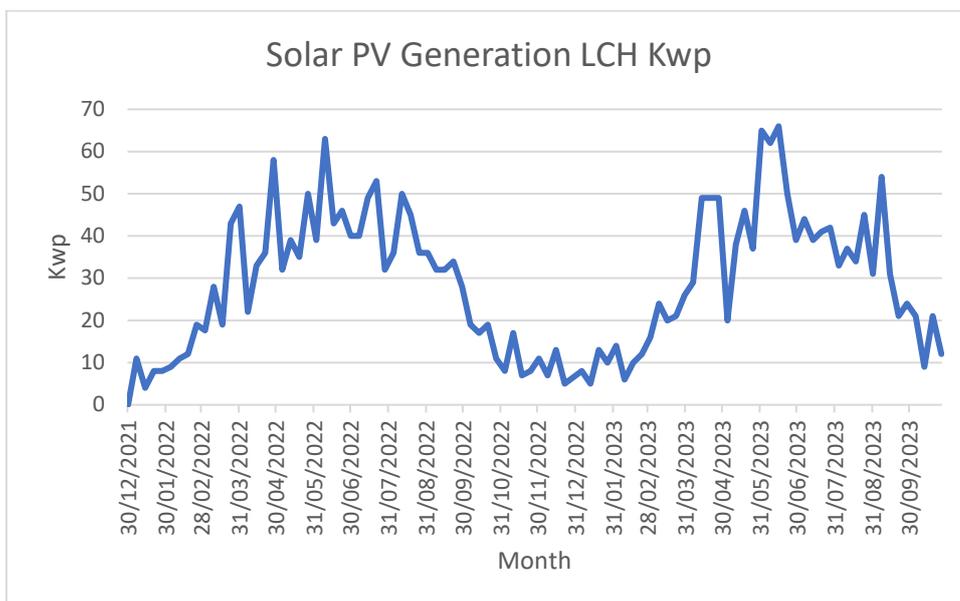
5.4 Chart 1: Electricity Generated by the College Against Usage



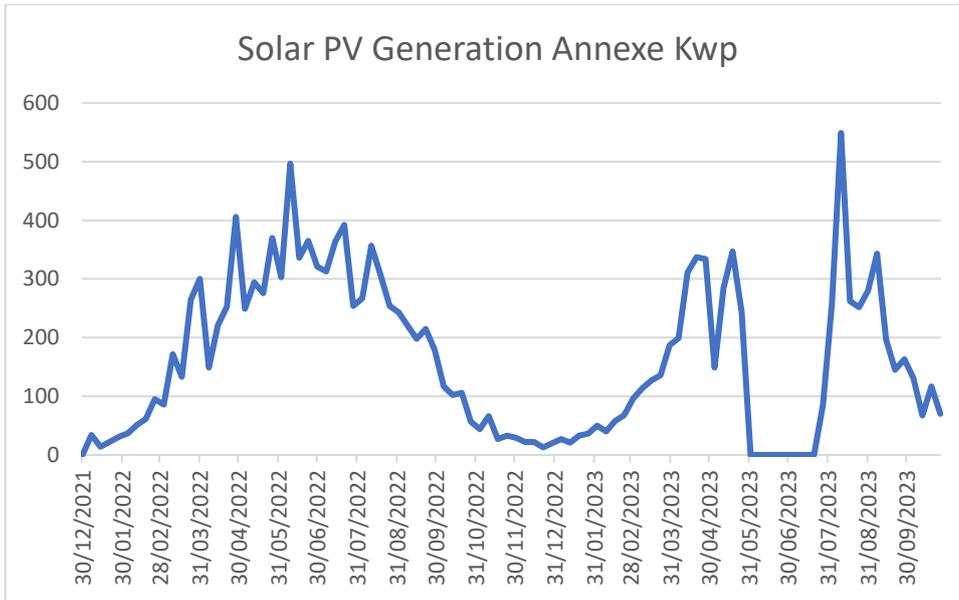
5.5 As previously reported, the College successfully received grant funding of £377,852.08 from the Scottish Government to replace all lighting throughout with LED, and work has now commenced with approximately 80% of the works completed.

5.6 In addition to this, the College has also submitted a bid for £60k for pre-capital money from the Scottish Government to carry out surveys for future work to be carried out, such as, External Wall Insulation and Ground Source Heat Pumps

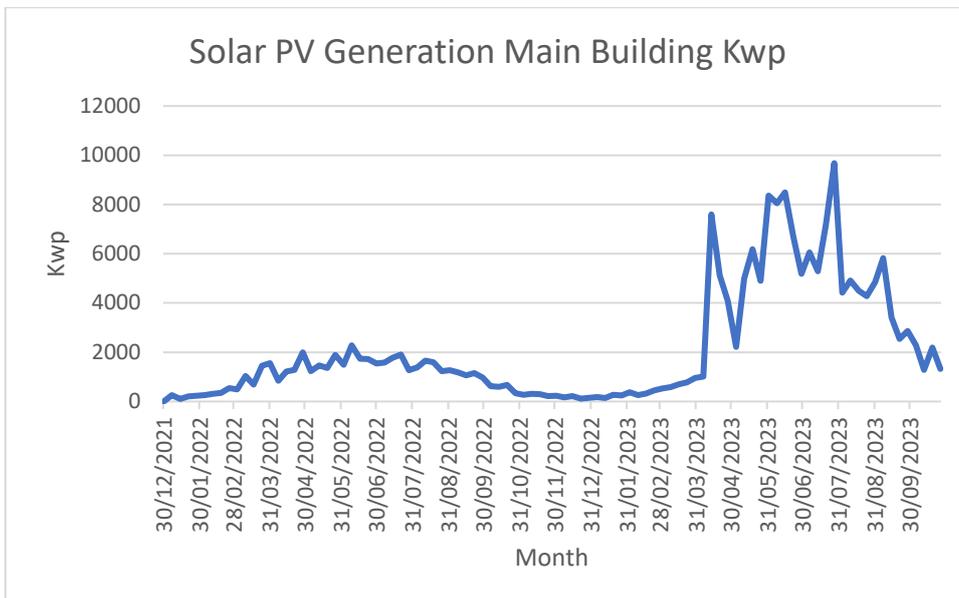
5.7 Chart 2: Solar PV for the Low Carbon House



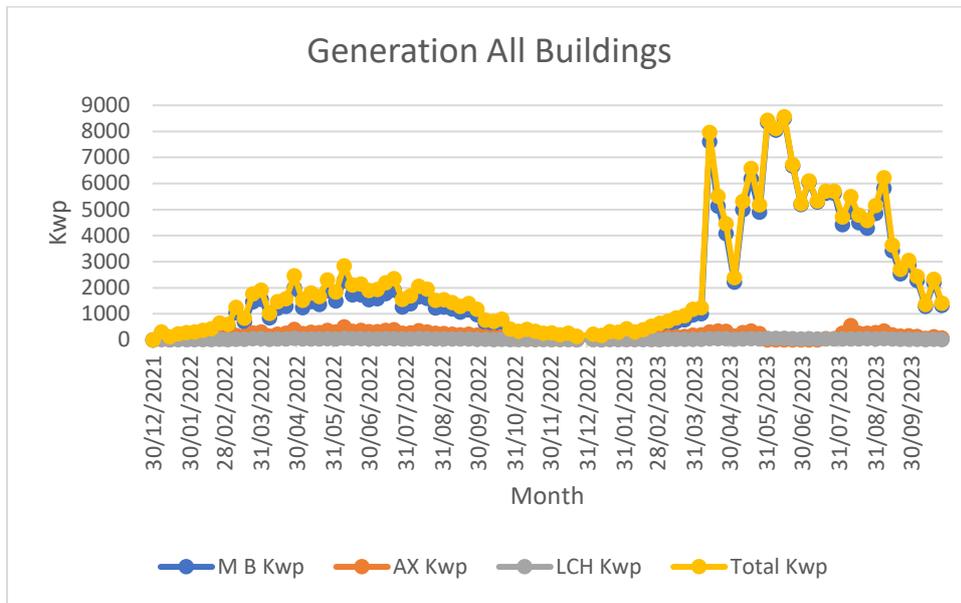
5.8 Chart 3: Solar PV for the Annex



5.9 Chart 4: Solar PV Figures Main Building

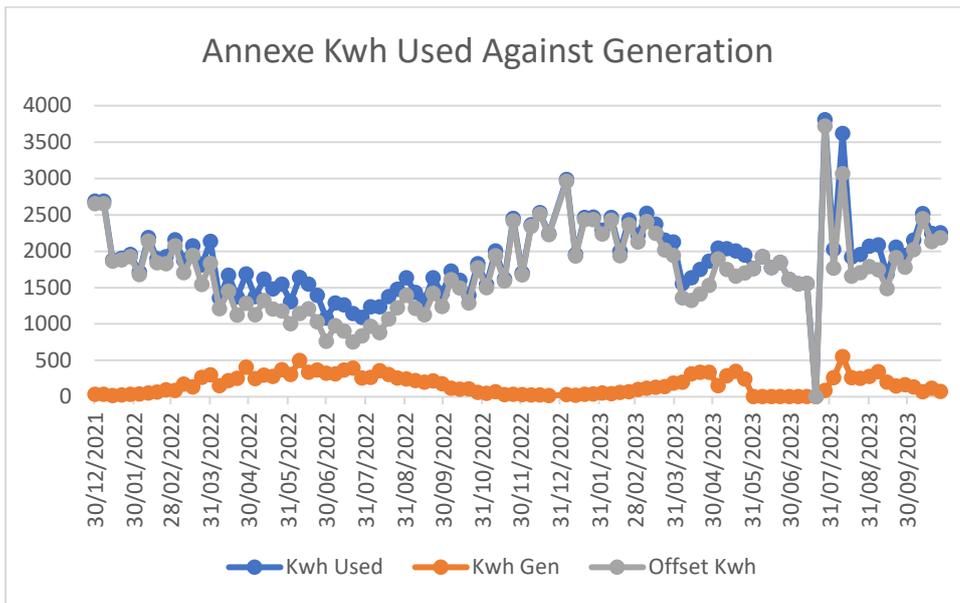


5.10 Chart 5: Total Solar PV Figures Combined

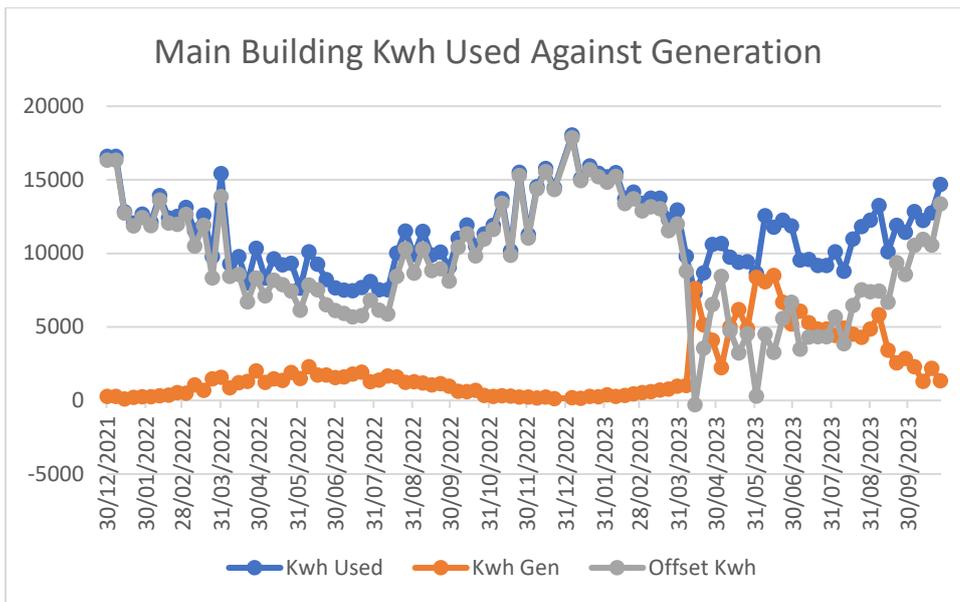


5.11 Charts 3 and 4 show how much of what has been generated for the annex and the main building can be offset against what was actually used in these buildings. The installation of the new PV system is also offsetting approximately 120,000Kwh which will help support with energy costs.

5.12 *Chart 6: Annexe Kwh Used Against Generation*



5.13 *Chart 7: Main Building Kwh/p Used Against Generation*

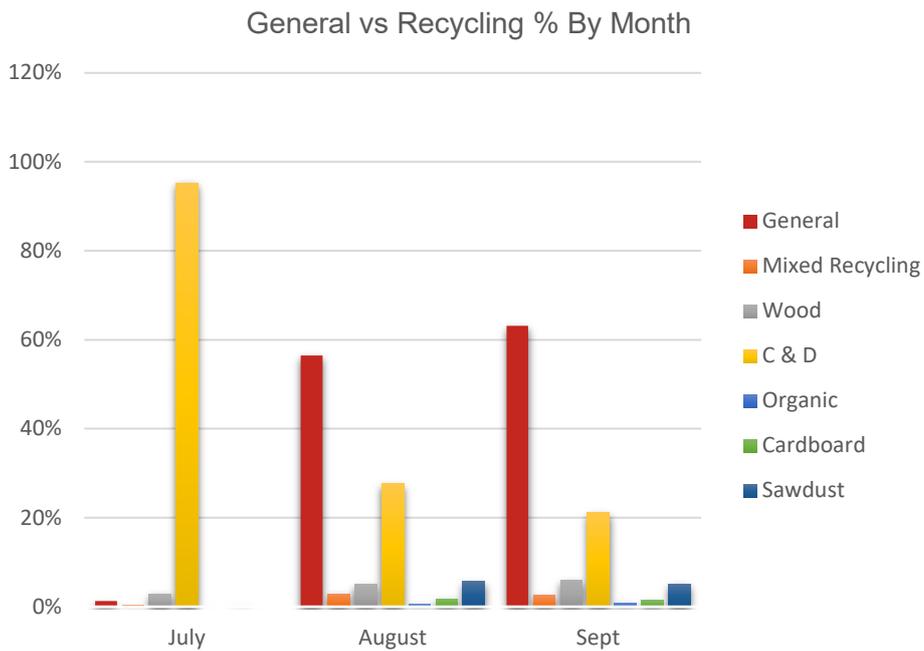


5.14 At points more electricity was used between. This has been passed to facilities to investigate

## 6 Waste

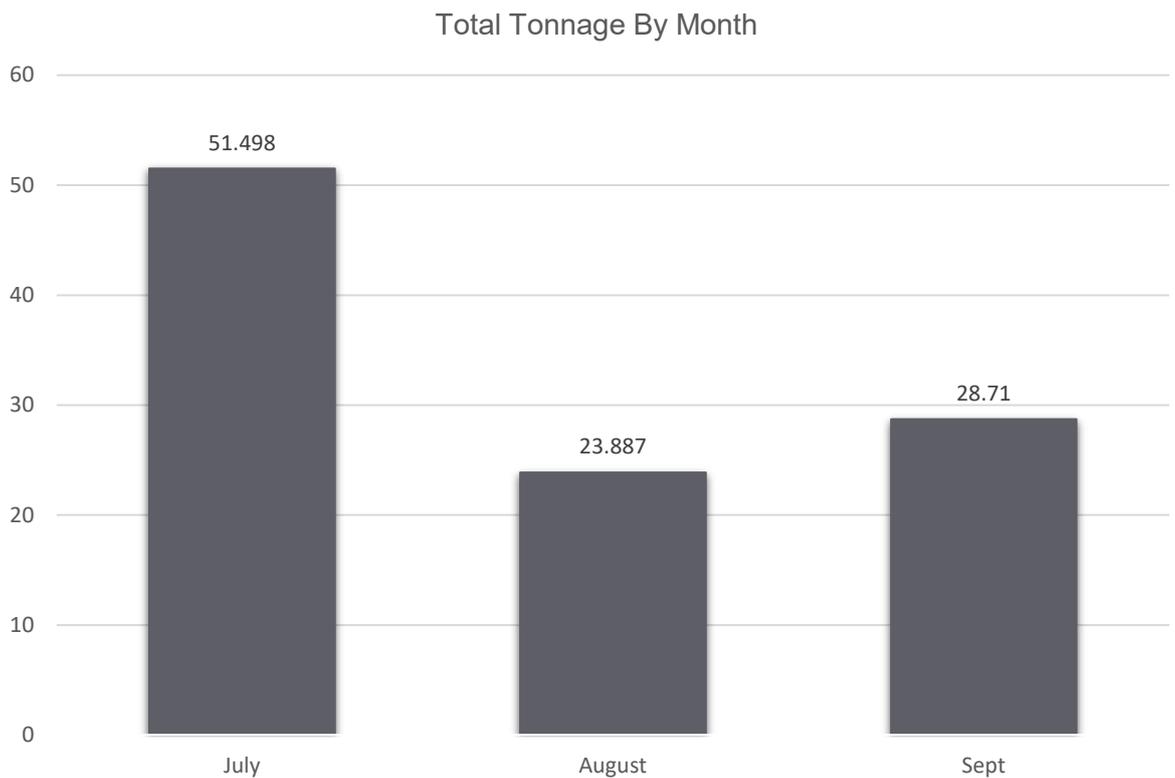
6.1 The graphs show in detail a breakdown of the waste categories from the College supplier Biffa, who were awarded the waste management contract from January 2022. Note that the category “C&D” refers to “Mixed Construction and Demolition” waste.

6.2 Chart 8: General Vs Recycling



6.3 Further investigation into the general waste has shown that Biffa are potentially not separating out the general waste properly. This is being raised at a future contract review meeting.

6.4 Chart 10 Waste: Monthly Tonnage 2023



## **7 ENERGY CONSUMPTION: ALL BUILDINGS**

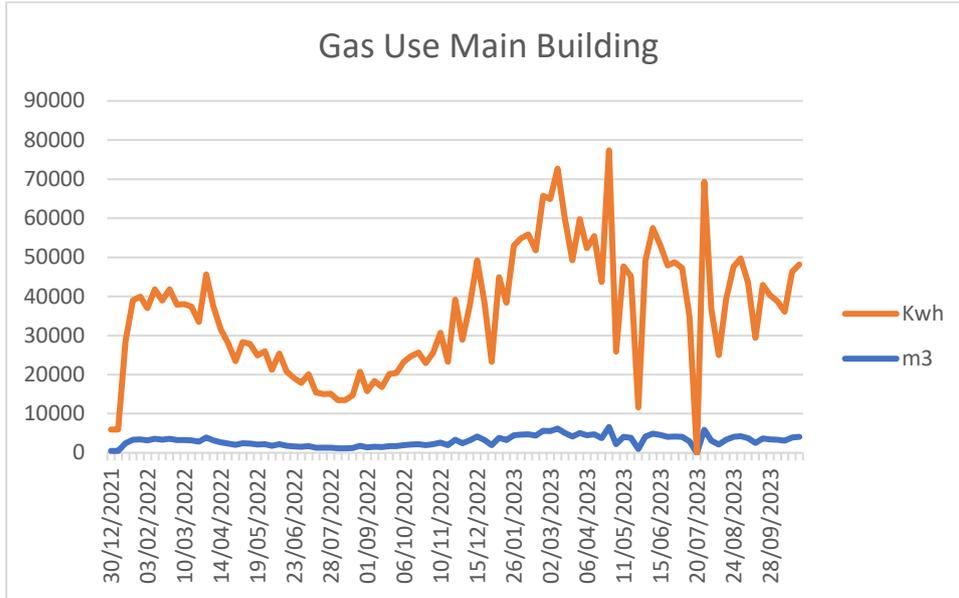
7.1 Table 3 below provides an overview of energy consumption across the estate over the last 3-year period, across all the utilities: gas, electricity and water. The change in the utilisation of the building will obviously affect the comparisons, but the table is designed to compare the movement in the quarter over the prior year equivalent, and the current rolling year over the prior year equivalent.

7.2 There are also charts to demonstrate the rolling gas and water consumption so that is easier to read in line with the electricity charts already provided.

### 7.3 Table 3 Energy Consumption

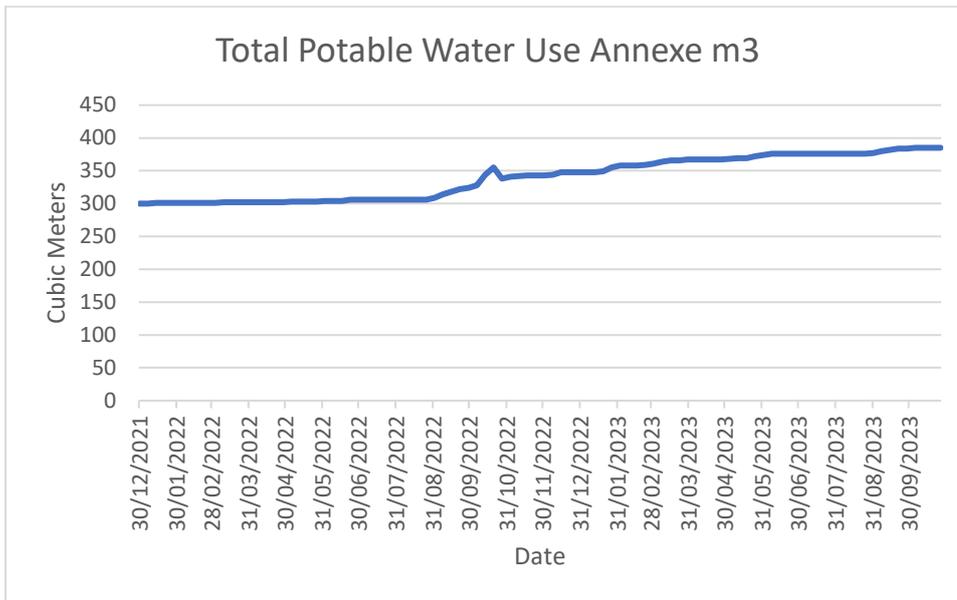
<b>Finance and Resources Committee Estates Report May 2023 Energy Consumption- all Buildings</b>				
Date	Usage in kWh	Movement over prior year quarter	Rolling Year	Movement over prior rolling year
<b>Gas - kWh</b>				
Jul - Sep 2019	250,064	13%	1,564,445	-9%
Oct - Dec 2019	500,643	11%	1,613,197	-4%
Jan - Mar 2020	636,674	22%	1,727,330	13%
Apr - Jun 2020	145,432	-57%	1,532,813	0%
Jul - Sep 2020	220,102	-12%	1,502,851	-4%
Oct - Dec 2020	408,878	-18%	1,411,086	-13%
Jan - Mar 2021	555,678	-13%	1,330,090	-23%
Apr - Jun 2021	330,348	127%	1,515,006	-1%
Jul - Sep 2021	205,185	-7%	1,500,089	0%
Oct-Dec 2021	249,945	-39%	1,341,156	-5%
Jan-Mar 2022	551,090	-1%	1,336,568	0%
Apr - June 2022	313,839	-5%	1,320,059	-13%
Jul - Sep 2022	200,677	-2%	1,315,551	-12%
Oct-Dec 2022	337,867	35%	1,403,473	5%
Jan - Mar 2023	634,676	15%	1,487,059	11%
Apr - June 2023	563,061	79%	1,736,281	32%
Jul - Sep 2023	463,028	131%	1,998,632	52%
<b>Electricity - kWh</b>				
Jul - Sep 2019	431,202	-5%	2,156,326	-4%
Oct - Dec 2019	562,561	-8%	2,104,158	-6%
Jan - Mar 2020	574,224	-10%	2,042,446	-8%
Apr - Jun 2020	225,865	-52%	1,793,852	-18%
Jul - Sep 2020	299,521	-31%	1,662,171	-23%
Oct - Dec 2020	472,746	-16%	1,572,356	-25%
Jan - Mar 2021	775,982	35%	1,774,114	-13%
Apr - Jun 2021	368,153	63%	1,916,402	7%
Jul - Sep 2021	283,081	-5%	1,899,962	14%
Oct-Dec 2021	127,306	-73%	1,554,522	-1%
Jan-Mar 2022	193,702	-75%	972,242	-45%
Apr - June 2022	135,743	-63%	739,832	-61%
Jul - Sep 2022	135,201	-52%	591,952	-69%
Oct-Dec 2022	174,960	37%	639,606	-59%
Jan - Mar 2023	189,142	-2%	635,046	-35%
Apr - June 2023	209,549	54%	708,852	-4%
Jul - Sep 2023	137,941	2%	711,592	20%
<b>Water Consumption - M<sub>3</sub></b>				
Date	Usage in m <sub>3</sub>	Movement over prior year quarter	Rolling Year	Movement over prior rolling year
Jul - Sep 2019	2,185	13.9%	10,229	-7%
Oct - Dec 2019	2,628	-10.7%	9,915	-9%
Jan - Mar 2020	2,225	-22.5%	9,268	-14%
Apr - Jun 2020	628	-71.8%	7,666	-23%
Jul - Sep 2020	1,109	-49.2%	6,590	-36%
Oct - Dec 2020	203	-92.3%	4,165	-58%
Jan - Mar 2021	74	-96.7%	2,014	-78%
Apr - Jun 2021	201	-68.0%	1,587	-79%
Oct-Dec 2021	1,665	50.1%	2,143	-49%
Jan-Mar 2022	2193	96.6	4,133	105%
Apr - June 2022	2,507	92.0	6,566	314%
Jul - Sep 2022	1,650	-0.9	8,015	274%
Oct-Dec 2022	2,178	-0.7	8,528	106%
Jan - Mar 2023	2479	-1.1	8,814	34%
Apr - June 2023	2,045	19.3	8,352	4%
Jul - Sep 2023	1,218	-78.8	7,920	-7%

7.4 Chart 11: Gas Use Main Building



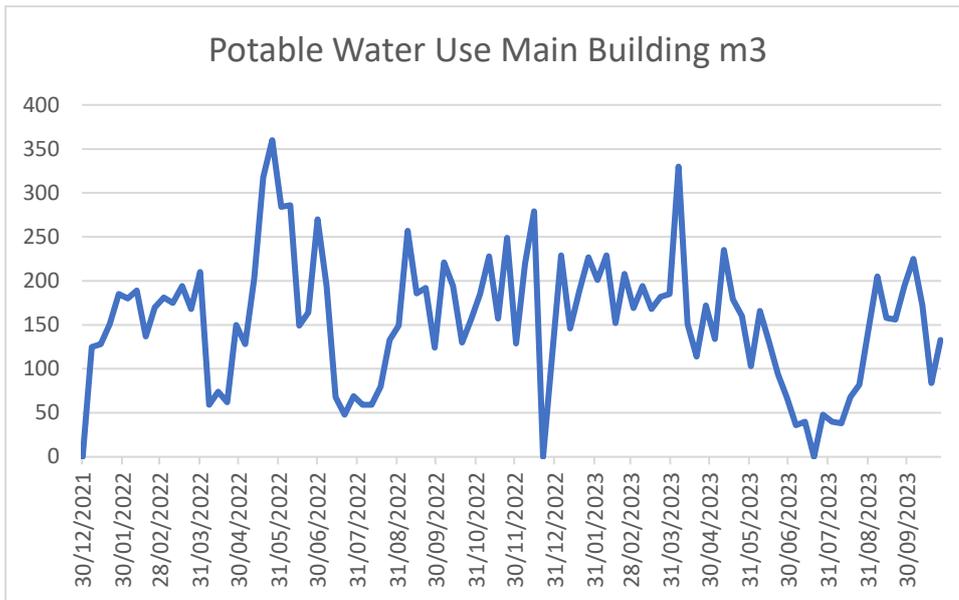
7.5 The ongoing challenge for the College will be to consider how it can reduce its energy consumption given the substantial rising costs in energy bills. This is where staff training is important when considering how to use energy efficiently within the College.

7.6 Chart 12: Potable Water use Annexe



7.7 The low water usage in the annex is due to all toilet flushing coming from the rainwater harvesting system.

7.8 Chart 13: Potable Water use Main Building



7.9 Solutions to the reduction of potable water consumption that are still be considered as part of a wider capital expenditure programme are to introduce waterless urinals, water solenoid valves and replace taps with two litre flow restrictors. The College was successful early August with Grant Funding of £10,000 from the Water Efficiency Fund to start this project

## 8 RISK

- 8.1 Those essential estates work is not carried out on a timely basis impacting on the learner experience.
- 8.2 That there is a failure to adhere to statutory and legislative health & safety requirements

## 9 EQUALITIES

- 9.1 There are no new matters for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report.

## 10 RECOMMENDATIONS

- 10.1 Members are recommended to note the following updates:
  - 10.1.1 the building survey next steps and other works;
  - 10.1.2 contract monitoring (RAG) review; and
  - 10.1.3 sustainability charts reporting on energy, waste, water and gas.

## **ANNEX 1: RECOMMENDATIONS FROM EXTERNAL BUILDING INVESTIGATION**

The following work should be considered as part of an ongoing remedial and maintenance strategy.

1. Permanent remedial works will be required to the temporary repair at the entrance area. This would include:
  - sourcing matching cladding panels and replicating the original arrangement with the inclusion of additional fixings as required to secure the area. A scaffold will be required to remove the cladding from the top down, reinstating from the bottom of the temporary repair upwards. Additionally, the vertical fire stop which has been partially removed or damaged should be reinstated together with any intumescent seals.
2. Allowance should be made for replacing the cladding panel directly above the temporary repair due to delamination between the outer skin and insulation as noted earlier in this report.
3. The steel framing behind the window frame features will require maintenance in the short to medium term i.e., 3-6 years. This could be undertaken by opening up all of the areas, wire brushing and repainting each area as required however this is likely to be cost prohibitive given the area of the feature. The corrosion is likely to occur again if the detailing between the feature and the building remains the same.
4. If the frame is to be retained as per point 6.3 above, then all holes in the support framework should be utilised with the appropriate diameter and grade of bolt, as per the original details contained within the O&M documentation. However, additional fixing brackets or cleats will be required to allow for fixings to be installed as the bolt holes do not line up which would prevent a fixing from being installed.
5. To the top of the feature frames, the current angle flashing and associated fixings supporting the top, horizontal, cassette of the feature frames will need a full review and replacement as required. This should be reinstated as per the original intent noted in the O&M manual to allow for the 13mm gap between the building and the feature.
6. Alternatively, the feature could be taken down and replaced with a galvanised hot rolled steel arrangement, reusing the existing cladding cassettes as a finish where possible.
7. Whichever option is adopted, the bolted fixings between the feature and the building should be replaced with locking nuts to prevent any loosening of the feature over time.
8. The minor corrosion staining noted to the cladding will continue to worsen while remedial works are actioned, so regular cleaning and monitoring would be advised to prevent permanent staining to the cladding.

- 9.** A maintenance regime should be put in place annually to check the gutters are clear of debris. Part of this process should involve checking the seals between the gutter and the downpipe and ensuring no water has ponded within the feature frame.
- 10.** The fixings to the roof level flashing, in the vicinity of Area 3A, should be made good and/or reinstated as required. Thereafter a monitoring regime should be implemented twice a year for a minimum of 2 years to establish if the fixings loosen over time or if the initial installation was faulty. If the fixings remain tight during this period, then it should be reduced to annually for a further 5 years.
- 11.** Externally seals between cladding panels and top hats are visible at a number of locations. Consideration should be given to systematically replacing the visible seals where required before winter to protect concealed fixings from water ingress.

## Finance & Resources Committee

<b>DATE</b>	27 November 2023
<b>TITLE OF REPORT</b>	Finance Workplan for the Committee
<b>REFERENCE</b>	06.5
<b>AUTHOR AND CONTACT DETAILS</b>	Elaine McKechnie (VP – Finance, Resources & Sustainability) <a href="mailto:Elaine.mckechnie@slc.ac.uk">Elaine.mckechnie@slc.ac.uk</a>
<b>PURPOSE:</b>	To review progress against the workplan of the Finance & Resources Committee as presented in Aug 2023.
<b>KEY RECOMMENDATIONS/ DECISIONS:</b>	The Committee is asked to: <ul style="list-style-type: none"> <li>• Review the workplan and ensure it is complete;</li> <li>• Confirm similar timeframes for scheduling of work for 2023/24, and</li> <li>• Instruct College management to arrange for the appropriate supporting documents to be available according to the timetable.</li> </ul>
<b>RISK</b>	<ul style="list-style-type: none"> <li>• That there is a failure of financial controls</li> <li>• That there is business interruption due to major disaster, IT failure etc</li> <li>• That there is a theft of, or damage to, Management Information System (incl. cyber-crime)</li> <li>• That there is a failure of Corporate Governance arrangements</li> <li>• That there is a reputational risk to the College.</li> </ul>
<b>RELEVANT STRATEGIC AIM:</b>	<ul style="list-style-type: none"> <li>• The Highest Quality Education and Support</li> <li>• Sustainable Behaviours</li> </ul>
<b>EQUALITIES</b>	<ul style="list-style-type: none"> <li>• There are no new matters for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report.</li> </ul>
<b>SUMMARY OF REPORT:</b>	<ul style="list-style-type: none"> <li>• The remit of the Committee is documented in the attachment.</li> <li>• The workplan is a suggested timetable for the year, incorporating formal requirements which the Committee is invited to consider.</li> <li>• It should be noted that there are still several items which have not yet been addressed in 2023 and the Committee should agree timeframes with College management to ensure that all items are covered in the workplan over the next 12 months.</li> </ul>

Finance and Resources Committee Activity Monitor		Colour key:		Item presented to this meeting			
				Item planned to be presented			
		2023					
		Feb / Mar	Special with ARC (April 23)	May / Jun	Aug / Sept	Nov / Dec	
<b>Standing agenda items</b>							
Quarterly Management accounts							
Cash flow management							
Quarterly Estates Report							
Quarterly Procurement Report							
Review & monitoring of major estates, capital and strategic spend.							
<b>Spring (Feb / Mar)</b>							
Six-month accounts and SFC Mid-year Return							
Review of bank overdraft facility							
Consideration of indicative SFC Grant in Aid allocation and the potential implications for the Budget for the following three / five financial years, the term to be decided by the Committee.							
Review of RSB Consolidated Financial Statements and Annual Audit Report							
Review of the remit of the Finance & Resources Committee and its annual workplan							
Annual review of the College Financial Regulations							
Annual review of the College's Procurement thresholds and the Scheme of Delegation.							
<b>Summer (May / Jun)</b>							
Review of final SFC grant in aid allocation and Regional Outcome Agreement							
Consideration of, and recommendation to the Board to approve, the first draft of Budget and the 3-year / 5-year financial forecast							
Review of budget allocations to College Faculties and Departments.							
Review and approval of Principal Accounting Policies to be used in the preparation of the annual Financial Statements							
Review of Procurement thresholds							
Review of Procurement Policies							
<b>Autumn (August / September)</b>							
Final draft of the Budget							
Annual review of Estates Strategy and progress							
Annual review of Financial Strategy and Financial Sustainability and progress							
Annual review of Procurement Strategy and progress							
Annual review of Board finance-related reporting requirements							
Review of Annual Climate Change Report							
Consideration of the annual Accounts Direction guidance issued by SFC							
<b>Winter (Nov / Dec) - Joint with ARC</b>							
Audit and Risk Committee to consider and recommend approval of the external auditor's draft Annual Audit Report to the Board of Management			2021/22 Accts				2022/23 Accts
Audit and Risk Committee to recommend to the members of the Finance and Resources Committee that they can consider the draft audited Financial Statements.							
Finance and Resources Committee to consider the audited Financial Statements and recommend their approval to the Board of Management							
Consideration of the draft Annual Report of the Finance and Resources Committee to the Board of Management and to recommend its acceptance to the Board.							Best practice; to be discussed on 27 Nov 23



## Finance and Resources Committee

<b>DATE</b>	27 November 2023
<b>TITLE OF REPORT</b>	College Capital Expenditure Schedule
<b>REFERENCE</b>	07.0
<b>AUTHOR AND CONTACT DETAILS</b>	Elaine McKechnie – VP Finance, Resources & Sustainability <a href="mailto:Elaine.mckechnie@slc.ac.uk">Elaine.mckechnie@slc.ac.uk</a>
<b>PURPOSE:</b>	To present the schedule being maintained by the College in respect of its capital requirements
<b>KEY RECOMMENDATIONS/ DECISIONS:</b>	Members are asked to: <ul style="list-style-type: none"> <li>• note the level of capital investment that has been identified by management; and</li> <li>• to note the funds available to address these requirements and the sources of these funds.</li> </ul>
<b>RISK</b>	<ul style="list-style-type: none"> <li>• That there are insufficient funds for capital project and maintenance requirements.</li> </ul>
<b>RELEVANT STRATEGIC AIM:</b>	<ul style="list-style-type: none"> <li>• The Highest Quality Education and Support</li> <li>• Sustainable Behaviours</li> </ul>
<b>SUMMARY OF REPORT:</b>	<ul style="list-style-type: none"> <li>• The College has approximately £354k available for capital expenditure in 2023/24. Projects valued at approximately £590k have been identified for the College, however, clearly this work is being prioritised over coming years and to ensure the College undertakes any essential building work.</li> <li>• The College is also trying to obtain funding from other sources such as the Scottish Grants Energy Efficiency scheme.</li> </ul>

## 1. INTRODUCTION

1.1 This paper outlines the capital expenditure schedule, funding and expenditure to date

## 2. EXPENDITURE AND AVAILABLE FUNDS

2.1 The College has spent a total of £351,093 in the quarter to 31 October 2023, of which £196,619 relates to spend on the restructure of workrooms (56% of total).

2.2 The College has the following SFC funding available for capital project delivery in 2023/24, with projects with a current value of £596,376 earmarked against it:

2.3 Table 1: Funding Available and Allocation

Area	2023/24 Allocation
SFC GIA Capital & Projects	£869,583
SFC GIA Digital Poverty	£81,234
<b>TOTAL</b>	<b>£950,817</b>
Ringfenced for ongoing Capex projects brought forward from 22-23	(£221,672)
Actual Spend in 23-24 YTD	(£351,093)
Potential pipeline project for refit of Make-up artistry/hairdressing salons	(£23,611)
<b>Funding remaining for 23-24</b>	<b>£354,441</b>

2.4 Table 2, below shows the allocation of spend year to date (YTD) on 2023-24 projects

Faculty	2023/24 YTD spend
Care	£10,332
Construction	£237,756
Facilities	£91,833
HR	£11,172
MIS	-
<b>TOTAL</b>	<b>£351,093</b>

2.5 With 59.2% of total in-year funding from SFC already spent in the first quarter of 2023-24, the College will be reviewing and reprioritising planned capital expenditure in light of other essential building maintenance work. The College is also looking to seek

additional funding sources from other sponsors, and it is awaiting the outcome of the Scottish Energy Efficiency grant that has been applied for, which may support with the building in terms of developing a fabric first approach.

2.6 The College has yet to receive full settlement Scottish Government grants in respect of the LED Lighting Project (circa £180k) and is also committed to sourcing additional funds for sustainability initiatives. A further £10k for water efficiency projects has been awarded for delivery in 2023-24 from Scottish Water.

2.7 The College can also apply to the Arms Length Foundation for grant funding for any capital projects should the required spend fit with the Foundation's aims. Nevertheless, this source of funding cannot be relied upon as disbursement of funds is at Trustee discretion.

2.8 Members to note that the schedule will form the basis of the short-term requirements in a future Estates Strategy which is now earmarked for consideration in 2024

2.9 Committee members are asked to note that Capital expenditure continues to be a focus for the College and regular monthly reporting and communication with the respective faculty managers will help ensure that spend incurred is allocated against specific projects, enabling deviations from budget to be monitored and justified.

### **3. RISK**

3.1 That there are insufficient funds for capital project and maintenance requirements.

### **4. EQUALITIES**

4.1 There are no new matters for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report.

### **5. RECOMMENDATIONS**

5.1 Members are asked to:

- 5.1.1 note the level of capital investment that has been identified by management; and
- 5.1.2 to note the funds available to address these requirements and the sources of these funds

