

FINANCE AND RESOURCES COMMITTEE

NOTICE

There will be a meeting of the Finance and Resources Committee (FRC) at 17.30 on 3 September 2024 in the Boardroom and on Teams.

Note: The Chair of the FRC is welcome to attend the ARC and the Chair of the ARC is welcome to attend at the FRC although this is not mandatory practice.

AGENDA

| Agenda Item | | Paper | Lead |
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| 01 | Apologies for Absence | | GP |
| 02 | Declaration of any potential Conflicts of Interest in relation to any Agenda items | | |
| 03 | Minutes of Previous Meetings 15 May 2024 | Y | GP |
| 04 | Matters Arising from the Previous Meeting | | |
| 05 | Matters for Approval | | |
| 05.1 | SFC Application for Voluntary Severance Scheme Reserved Item: Commercially Sensitive Data | Y | P |
| 05.2 | Fee Waiver Policy 2024-25 | Y | VP-F |
| 05.3 | FRC Terms of Reference | Y | GP |
| 05.4 | Accounting Policies for Financial Statements | Y | VP-F |
| 05.5 | SFC Financial Forecast Return – Commentary & Submission Reserved Item: Not for publication being the draft of a document which will be published later in final form | Y | VP-F |
| 06 | Matters for Discussion | | |

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| 06.1 | Quarter 4 Management Accounts | Y | VP-F |
| 06.2 | Cashflow Report | Y | VP-F |
| 06.3 | Quarterly Update – Procurement | Y | VP-F |
| 06.4 | Quarterly Update – Facilities | Y | P |
| 06.5 | Quarterly Update - Climate Change Emergency Action Plan | Y | VP-F |
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| 07 | Matters for Information | | |
| 07.1 | Capital Expenditure Plan | Y | VP-F |
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| 08 | Any Other Business | | |

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| 09 | Summation of Actions and Dates of Next Meetings • 18 November 2024 | | |
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Key:

C - FRC Interim Chair of the Finance and Resources Committee

P Principal

GP Governance Professional

VP-F Vice Principal – Finance, Resources and Sustainability



UNCONFIRMED FRC MINUTES

FINANCE AND RESOURCES COMMITTEE

| MINUTES | |
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| FRC Committee on 15 May 2024 at 1730 hours in the Boardroom at South Lanarkshire College and via Teams | |
| Present Scott Coutts (Chair) Scott Gray Stella McManus | In Attendance Elaine McKechnie |
| Vari Anderson as Minute Taker Peter Scott, Governance Professional | |
| Prior to the meeting commencing, the Chair of the Committee welcomed Scott Gray as a new Committee member. | |
| The Governance Professional advised the Committee that as there was not a majority of non-executive members at the meeting, any decisions would have to be taken to the next Board meeting on 6 June 2024. | |

| AGENDA ITEM | |
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| 01 | Apologies for Absence Heather Anderson, Douglas Morrison |
| 02 | Declaration of any potential Conflicts of Interest in relation to any Agenda items None noted. |
| 03 | Minutes of Previous Meeting – 20 February 2023 The Minutes of the previous meeting were duly approved. |
| 04 | Matters Arising from the Previous Meeting None. |
| 05 | Matters for Approval & Reserved Items |

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| 05.1 | <p>Reserved Item: Commercially Sensitive Data Financial Sustainability of South Lanarkshire College</p> <p>This item is not for publication due to commercially sensitive data contained within the report.</p> <p>The terms of the report were noted by the Committee. In course of a full discussion, it was agreed that in taking this forward the Board would honour the letter and spirit of the provisions in f the Code of Good Governance relating to Staff Governance so as to secure an effective partnership between Management and the recognised Trade Unions and ensure the fair and effective management of all staff. Thereafter, the Committee referred the paper to the Board meeting on 6 June 2024 for consideration.</p> |
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| 05.2 | <p>Draft Budget 2024-25</p> <p>The Committee noted the assumptions used in the budget setting process and noted the financial projections for 2024-25, inclusive of a Capital expenditure projection, cash flow and the Statement of Financial Position for 2024-25.</p> <p>SC raised concerns regarding the cuts in funding in respect of the form of removal of digital poverty fund, the Mental Health & Wellbeing Transition fund and Sanitary provisions and the potential impact on students. The Committee recognised that this is a national issue and that Colleges are educational institutions rather than healthcare providers and that the College could only provide limited health care help and support to students within the budgetary constraints imposed centrally, The committee noted that where appropriate students are referred to the College Counselling Services provided by healthcare professionals. As a College, First Aiders will be undergoing Mental Health training and, in an effort, to help combat digital poverty, banks of laptops are available for students to borrow.</p> <p>The Committee having seen and discussed the budget, referred the paper to the Board meeting on 6 June 2024 for approval.</p> |

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| 05.3 | <p>Quarterly Update: Procurement including Procurement Strategy & Procurement Policy for Approval</p> <p>The terms of the procurement strategy and policy were noted and referred to the Board for approval.</p> <p>The Committee was pleased to note that sustainable behaviours are included in the Procurement Action Plan. As a cautionary note however it was pointed out that external suppliers accounted for a substantial percentage of any Institutes carbon footprint.</p> |
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| 05.4 | <p>Finance Regulations</p> <p>The Committee noted the changes reflected in the Finance Regulations update as of May 2024 and referred to the Board for approval.</p> <p>Thanks were given to EMcK for the robust paper which satisfies Governance and supports the Rolling Review.</p> |
| 05.5 | <p>Fees Policy 2024-25</p> <p>The Committee noted the content of the Tuition Fee Policy for 2024/25, including the proposed fee rates for 2024/25 contained in appendix 1. The Committee were advised that the Tuition Fee Policy has been prepared in consultation with the Regional/New College Lanarkshire Fee Policy to ensure consistency in approach. Further, the Committee were advised that the Policy will be revised annually by the Head of Finance with inputs from the Senior Leadership Team prior to Board approval.</p> <p>In course of discussion, the Committee considered how best to increase the College's competitiveness in pricing for commercial courses. The Committee noted however that in preparing costings, every effort is made to be in line with the market. It was suggested that in marketing commercial courses the College might make better use of social media and management took this on board.</p> <p>The Committee referred the Fees Policy to the Board meeting on 6 June 2024 for approval.</p> |
| 05.6 | <p>E-Signature Policy</p> <p>The Committee noted the contents of the e-Signature Policy and referred to the Board for approval.</p> <p>The Committee noted that the E-Signature Policy has been developed in recognition of the changing landscape in which the College operates and Adobe Sign will be the College's platform for e-signing purposes.</p> |
| 05.7 | <p>Procurement Policy & Procedures</p> <p>The Committee noted the contents of the Procurement Policy and Procedures and referred to the Board for approval.</p> |
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| 06 | <p>Matters for Discussion</p> |
| 06.1 | <p>Quarter 3 Management Accounts</p> <p>The Committee noted the financial position for the quarter and the narrative that supports the figures along with the cashflow situation as notified to Scottish Funding Council and the SLT monthly.</p> <p>The Committee noted that wages and salaries are under budget by circa £205k this is primarily due to leavers and some roles not being backfilled. The</p> |

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| | <p>Committee were reassured that savings are being made which is a credit to the executive team.</p> |
| 06.2 | <p>Cashflow Report The terms of the cashflow report were noted and considered with 06.1 above.</p> |
| 06.3 | <p>Quarterly Update – Facilities The Committee noted the terms of the report and in particular the progress on the intrusive survey works, contract monitoring review and sustainability charts reporting on energy, waste, water and gas.</p> <p>The Committee were advised that the College was successful in bidding for £60k pre-capital money from the Scottish Government to carry out surveys for future work to be carried out, such as, Ground Source Heat Pumps to Decarbonise the Main Building. The Committee noted that the work has now been completed with further discussions taking place to formalise a way forward that will be both cost effective and help meet the College’s Net Zero timeline. The Committee were advised that Construction BE-ST and Edinburgh College had been consulted to review and discuss the plan. Further, SM is in consultation with South Lanarkshire Council regarding local energy heat network as another viable option.</p> |
| 06.4 | <p>Quarterly Update – Climate Change Emergency Action Plan The Committee noted the terms of the report.</p> <p>In particular, the Committee noted the College’s recent recruitment drive for staff membership of the Climate Change Action Team which has responsibility for the roll out of the Action Plan. Further, the Committee were advised that the College has had recent meetings with South Lanarkshire Council’s Sustainability Officer to establish stronger links to Council sustainability initiatives along with participation in the Lanarkshire Communities Climate Change Network (LANCCAN).</p> <p>The Committee noted the participation of one of the operational leads of the Climate Change Action Team at the College Employers Scotland Finance Director’s Network annual conference in Stirling on 9 May 2024. James</p> |

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| | <p>Jamieson, Curriculum Manager for Building Services Engineering, presented on the topic, “How is the net zero/sustainability target being embedded within curriculum and the estate: A college perspective”. This gave James an opportunity to network with the other 25 Scottish Colleges and showcase the work involved to date by the College on its sustainability journey.</p> <p>Thanks were given to James Jamieson and Elaine McKechnie.</p> |
| 06.5 | <p>SFC Mid-Year Return – Commentary and Submission</p> <p>The Committee noted the terms of the report and in particular noted the methodology used to input financial projections based on the financial modelling paper presented in February 2024. Further, the Committee noted and retrospectively supported the commentary provided to the SFC.</p> <p>The Committee noted that the financial ratios within the MYR are largely consistent and suggest an on-going reliance on Funding Council Grants which account for 82% of total income and non-Funding Council Grants representing 18%. The 2% increase in non-Funding Council Grants recognises the ongoing work of the College to better support commercial activity in the form of ‘full cost recovery’ with local business and partnerships. The Committee congratulated all concerned and were reassured that the management team were moving the College in the right direction.</p> |
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| 07 | Matters for Information |
| 07.1 | <p>Capital Expenditure Plan</p> <p>The Committee noted the terms of the report.</p> <p>The Committee noted the level of capital investment that has been identified by management and noted the funds available to address these requirements and the sources of these funds. The Committee were advised that the College was able to reprioritise the budget to ensure that the lift remedial work was able to be carried out.</p> |
| 07.2 | <p>SFC Indicative Funding Allocations 2024-25</p> <p>The Committee noted the terms of the report.</p> |
| | <p>At the conclusion of the meeting, SC gave thanks to Stella and Elaine for the robust papers and noted that although lengthy it is worthwhile to go through. Further, SC noted that it’s a challenging time for the sector however the approach being taken is supported.</p> |
| 08 | <p>Any Other Business</p> <p>There being no other business the meeting was declared closed.</p> |

09

Summation of Actions and Dates of Next Meetings

The Clerk summarised the actions and decisions and the action points are as above minuted.

The next scheduled Committee meeting was set for **3 September 2024**



FINANCE & RESOURCE COMMITTEE

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| DATE | 3 September 2024 |
| TITLE OF REPORT | Fee Waiver Policy 2024-25 |
| REFERENCE | 05.2 |
| AUTHOR AND CONTACT DETAILS | Elaine McKechnie, Vice Principal Finance, Resources and Sustainability Elaine.McKechnie@slc.ac.uk |
| PURPOSE: | To request members to approve the Fee Waiver 2024-25 Policy. |
| KEY RECOMMENDATIONS/ DECISIONS: | Members are recommended to: <ul style="list-style-type: none"> • Approve the Fee Waiver 2024-25 Policy • Remit the policy to the Board for approval |
| EQUALITIES | There are no adverse implications for equalities identified within the attached report. |
| RISK | <ul style="list-style-type: none"> • That the College does not have up to date policies in place to safeguard the organisation and ensure the proper use of public funds. |
| RELEVANT STRATEGIC AIM: | <ul style="list-style-type: none"> • Successful Students • Highest Quality Education and Support • Sustainable Behaviours |
| SUMMARY OF REPORT: | <ul style="list-style-type: none"> • The report sets out the key contents of the Fee Waiver 2024-25 Policy, describing the categories of students for which College may apply a fee waiver. It is issued from the Scottish Funding Council in Academic Year (AY) 2024-25. • The Committee is asked to note that there are no material changes in respect of Fee Waiver Policy 2023-24, with the exception of a clarification of the eligibility criteria for young asylum seekers in reference to Schedule 1 of The Education (Access Funds) (Scotland) Determination 2022, of which the FE Residency Guide is on the SFC website. |

1. INTRODUCTION

1.1 The purpose of this paper is to provide an overview of the College's Fee Waiver Policy for 2024-25 in line with the policy issued from the Scottish Funding Council (SFC) for 2024-25.

2. THE POLICY

2.1 Describes the categories of students for which fee waiver may be applied.

2.2 The Policy covers the following sections:

- Policy Changes
- Tuition Fee Rate
- Eligible Students
- Part-Time Students
- Students on short full-time courses
- Residency
- Other Conditions
- Full-time Advanced (HE) Fees
- Programs which span Academic Years
- Veterans Scheme
- Forces Personnel

2.3 The only core change to the policy is in respect of the eligibility criterion for young asylum seekers, including children of asylum seekers to access a fee waiver. The provision was detailed in the FE Residency Guidance following the Scottish Government's residency consultation which led to a simplification of the eligibility criteria for children of asylum seekers and young asylum seekers.

2.4 The full time Higher Education (HE) fee rate for Higher National/Sub-degree courses is set by Scottish Government and remains at £1,285. The Further Education (FE) fulltime and part-time tuition fee rates remain at £1,008.

2.5 All other key components of the Fee Waiver Policy remain unchanged from 2023-24.

3 SCOPE

3.1 The policy is set in the context of internal controls at the College and clearly articulates the conditions that must be met to best support student funding.

It highlights the broad extent of the responsibility for control with staff who determine the appropriateness of a fee waiver in each individual student's circumstances.

3.2 While it covers all level and categories of persons working at the College, it is anticipated that the Policy will impact most on curriculum areas, student support services and finance departments.

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 RISK AND ASSURANCES

5.1 That the College does not have up to date policies in place to safeguard the organisation and ensure the proper use of public funds

6 RECOMMENDATIONS

6.1 Members are recommended to:

- Approve the Fee Waiver 2024-25 Policy
- Remit the policy to the Board for approval.



South
Lanarkshire
College

East Kilbride

FINANCE & RESOURCES COMMITTEE

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| DATE | 3 September 2024 |
| TITLE OF REPORT | Finance & Resources Committee Remit |
| REFERENCE | 05.3 |
| AUTHOR AND CONTACT DETAILS | Peter Scott, Governance Professional Peter.Scott@slc.ac.uk |
| PURPOSE: | To request members to approve the updated Finance & Resources Committee Remit. |
| KEY RECOMMENDATIONS/ DECISIONS: | Members are recommended to: <ul style="list-style-type: none"> • Approve the draft Finance & Resources Committee Remit • Place before the Board for approval |
| RISK | <ul style="list-style-type: none"> • That the College does not have up to date committee remits in place ensuring compliance with the Code of Good Governance for Scotland’s Colleges. |
| RELEVANT STRATEGIC AIM: | <ul style="list-style-type: none"> • Successful Students • Highest Quality Education and Support • Sustainable Behaviours |
| SUMMARY OF REPORT: | <ul style="list-style-type: none"> • The Finance & Resources Draft Remit is presented for approval and includes areas such as composition and membership, the primary purpose of the committee and the minimum amount of times the committee should meet. Members are asked to review the full Remit as attached . |

1. INTRODUCTION

1.1 The purpose of this paper is to provide an overview of the updated Finance & Resources Committee Remit for the approval of all members. The full document is annexed to this report.

2 CONSTITUTION AND MEMBERSHIP

2.1 The remit covers the composition and membership of the committee and highlights in particular that the Committee and its Chair will be appointed by the Board and will consist of no fewer than four members (including the Principal) – preferably with at least 50% of the membership being non-executive members as defined by the Code of Governance.

2.2 All decisions taken must be taken by a majority of non-executive members present and voting.

2.3 The Principal shall be a member but for voting purposes will be considered an executive member. The Chairing Member of the Board may also be a member and if so will be treated as a non-executive member.

2.4 As there will normally be at least one Executive Board Members serving on this Committee it is expressly provided that Student Members, Staff Members and Trade Union Members need not expressly declare an interest by virtue of that status and that a Declaration of Conflict of Interest, as defined in full in the Remit, need not require a conflicted member to withdraw if, at the discretion of the Committee Chair with the advice of the Governance Professional, the input of that member can usefully contribute to the proceedings.

3 TERMS OF REFERENCE

3.1 These Terms of Reference ensure that the Finance and Resources Committee has specified authority and resources to form an opinion and to make recommendations and report to the Board.

4 PROCEEDINGS

4.1 The Committee should meet four times per year. The Vice Principal responsible for Finance will attend as a specialist advisor along with such senior staff as may be appropriate from time to time to offer specialist advice. One of these meetings will be to recommend approval of the College Financial Statements to the Board of Management and the Chair of the Audit Committee should be in attendance at this meeting.

5 DUTIES

5.1 The duties of the Committee shall include:

5.1.1 Monitoring and advising on the financial and institutional sustainability of the College.

5.1.2 Maintaining a strategic overview of all matters concerned with Finance and the maintenance and development of the College estates.

5.1.3 Reviewing the College's finance and procurement strategies.

5.1.4 Advising the Board on the overall strategy & planning for the College's property and estates.

- 5.1.5 Considering the appropriateness of and approving the College's Accounting Policies for use within the Annual Report and Financial Statements.
- 5.1.6 Considering the College's Annual Report and Financial Statements and, in conjunction with the opinion of the Audit Committee on the report of the external auditor, recommend these for approval to the Board of Management, and as required, to the Funding Body.
- 5.1.7 Approving annual operating plans and budgets prior to their submission to the Board of Management and ensuring they reflect both the Strategic Plan and the Risk Register.
- 5.1.8 Considering and advising the Board of Management on relevant aspects of the Scottish Public Finance Manual.
- 5.1.9 Monitoring management accounts as compared to plans and budgets.
- 5.1.10 Reviewing submissions and reports made by the Head of Finance on relevant matters.
- 5.1.11 Monitoring all required financial and estates-related returns.
- 5.1.12 Advising the Principal regarding expenditure on services to the College.
- 5.1.13 Ensuring that funds provided by the Scottish Funding Council and other funders are used in accordance with the specified terms and conditions.
- 5.1.14 Ensuring the currency and relevance of all policies on financial and estates-related issues.
- 5.1.15 Approving the College Financial Regulations and related documents.
- 5.1.16 Monitoring any Financial Memoranda with the Funding Body.
- 5.1.17 Advising the Board on the progress of capital and estates programmes and on the efficient and effective maximisation of the College properties.
- 5.1.18 Examining any issues with financial / estates implications as may be referred to them.
- 5.1.19 Reviewing the College's Annual Climate Change Duties Report
- 5.1.20 Review the College's Mid-Year Return (MYR) and Financial Forecast Return (FFR).

6 REPORTING PROCEDURES

- 6.1 The Committee should direct the minutes and appropriate papers of its meetings to the Board of Management.

6.2 After approval, the Committee's Minutes and appropriate papers should be directed, if required, to the Funding Body and be published on the website.

7 EFFECTIVENESS OF THE COMMITTEE

7.1 The Committee shall refer to the Code of Good Governance for Scotland's Colleges and:

7.2 Perform an annual self-evaluation exercise

7.3 Prepare an Annual Report for the Board of Management on the performance and duties undertaken by the Committee

8 EQUALITIES

8.1 There are no new matters for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report. The Committee Remit has appropriate mechanisms of referral in place should matters relating to equalities be raised.

9 RISK

9.1 That the College does not have up to date committee remits in place ensuring compliance with the Code of Good Governance for Scotland's Colleges.

10 RECOMMENDATIONS

10.1 Members are recommended to approve the draft Finance & Resources Committee Remit and thereafter present same to the Board for approval.

THE BOARD OF MANAGEMENT FINANCE AND RESOURCES COMMITTEE REMIT

Constitution and Membership

The Board of Management will establish a Committee of the Board to be known as the Finance and Resources Committee.

The Committee and its Chair will be appointed by the Board. There shall be not less than four members, one of whom shall be the Principal. A quorum shall be a minimum of three members of the Committee.

Committee membership should, preferably, comprise at least 50% of the membership as being non-executive members but all decisions must be taken with a non-executive majority of those present and voting. The Chairing Member of the Board is ex officio a member of the Committee and as such is considered to be a non-executive member as defined in Annex 1 of the Code of Governance.

As there will normally be at least one Executive Board Members serving on this Committee it is expressly provided that Student Members, Staff Members and Trade Union Members need not expressly declare an interest by virtue of that status and that a Declaration of Conflict of Interest need not require a conflicted member to withdraw if, at the discretion of the Committee Chair with the advice of the Governance Professional, the input of that member can usefully contribute to the proceedings. For the avoidance of doubt the test for a Conflict of Interest which would preclude participation in decision making and/or require withdrawal is as follows:

The objective test for determining a significant conflict of interest is whether or not a member of the public with knowledge of the relevant facts would reasonably regard the interest so significant that it is likely to prejudice decision making.

Terms of Reference

These Terms of Reference ensure that the Finance and Resources Committee has specified authority and resources to form an opinion and to make recommendations and report to the Board.

Proceedings

The Committee should meet four times per year. The Vice Principal responsible for Finance will attend as a specialist advisor along with such senior staff as may be

appropriate from time to time to offer specialist advice. One of these meetings will be to recommend approval of the College Financial Statements to the Board of Management and the Chair of the Audit Committee should be in attendance at this meeting.

Duties

The duties of the Committee shall include:

11 Monitoring and advising on the financial and institutional sustainability of the College.

- Maintaining a strategic overview of all matters concerned with Finance and the maintenance and development of the College estates and advising the Board of Management accordingly.
- Reviewing the College's finance and procurement strategies, with a view to recommending their acceptance to the Board of Management.
- Advising the Board on the overall strategy and planning for the College's property and estates, with a view to recommending any strategy documents to the Board of Management for their approval.
- Considering the appropriateness of and approving the College's Accounting Policies for use within the Annual Report and Financial Statements.
- Considering the College's Annual Report and Financial Statements and, in conjunction with the opinion of the Audit Committee on the report of the external auditor and recommending these for approval to the Board of Management, and as required, the Funding Body.
- Approving annual operating plans and budgets prior to their submission to the Board of Management, ensuring that they reflect the College's strategic plan – taking account of key risk areas as identified in the Risk Register.
- Considering and advising the Board of Management on relevant aspects of the Scottish Public Finance Manual.
- Monitoring management accounts as compared to plans and budgets.
- Reviewing submissions / reports made by the Head of Finance on financial and estates-related matters prior to presentation to the Board.
- Monitoring all financial and estates-related returns requested by outside bodies, in particular, the Scottish Funding Council.

- Advising the Principal regarding expenditure on services to the College.
- Ensuring that funds provided by the Scottish Funding Council and other funders are used in accordance with the terms and conditions specified in the appropriate offers of funding.
- Examining College policies on financial and estates-related issues and ensuring that they retain currency and relevance.
- Approving the College Financial Regulations and related documents.
- Monitoring any Financial Memoranda with the Regional Strategic Body or their successor body as appropriate
- Advising the Board on the progress of capital and estates programmes and on the efficient and effective maximisation of the College properties.
- Examining any issues which may have financial / estates implications, or which may be referred to it by the Board of Management.
- Reviewing the College's Annual Climate Change Duties Report
- Reviewing the College's Mid-Year Return (MYR) and Financial Forecast Return (FFR) for submission to the Scottish Funding Council and recommending their acceptance by the Board of Management.

Reporting Procedures

The Committee should direct the minutes and appropriate papers of its meetings to the Board of Management.

After approval, the Committee's Minutes and appropriate papers should be directed, if required, Funding Body and be published on the South Lanarkshire College website.

Effectiveness of the Committee

The Committee shall refer to the Code of Good Governance for Scotland's Colleges and:

- Perform an annual self-evaluation exercise
- Prepare an Annual Report for the Board of Management on the performance and duties undertaken by the Committee.

FINANCE & RESOURCE COMMITTEE

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| DATE | 3 September 2024 |
| TITLE OF REPORT | Accounting Policies for Financial Statements 2023/24 |
| REFERENCE | 05.4 |
| AUTHOR AND CONTACT DETAILS | Elaine McKechnie Vice Principal – Finance, Resources & Sustainability Elaine.mckechnie@slc.ac.uk |
| PURPOSE: | To present and seek approval from the Committee for the accounting policies within the Financial Statements for year ended 31 July 2024. This has been carried out in conjunction with a review by the Audit & Risk Committee on 27 August 2024. |
| KEY RECOMMENDATIONS/ DECISIONS: | Members are asked to: <ul style="list-style-type: none"> Note and approve the proposed accounting policies contained within the appendix, paying particular attention to the updates in red. |
| RISKS | The main risks in failing to adhere to accounting policies are to: <ul style="list-style-type: none"> Going concern due to poor financial oversight and management; operational failure as financial Statements are a prerequisite for contracts and for continued central funding, and statutory non-compliance with sponsors and regional bodies such as Lanarkshire Regional Strategic Body, the Scottish Funding Council, Audit Scotland and, ultimately, the Scottish Parliament. |
| RELEVANT STRATEGIC AIM: | <ul style="list-style-type: none"> Successful Students The Highest Quality Education and Support Sustainable Behaviours |

SUMMARY OF REPORT:

- The Committee is asked to review and agree the anticipated accounting policies for use within the financial statements. This review has been done concurrently with the Audit & Risk Committee
- An update has been made to fixed asset policies, enabling some capital funding to be expensed to the income and expenditure account if it is for capital purposes, in line with the SFC's more stringent guidance that has been issued for 2023/24 and beyond.

1. INTRODUCTION

1.1. This paper provides an overview of the College's anticipated accounting policies for use within the Financial Statements for the year ended 31st July 2024.

2 BACKGROUND

2.1 Accounting policies are the rules and guidelines that are selected by the College for use in preparing and presenting its financial statements. Accounting policies are important, as they set a framework, which all Colleges follow, and provide comparable and consistent standard financial statements across years and relative to other Colleges.

2.1 The financial statements are prepared in accordance with the Statement of Recommended Practice (SORP) 2019: 'Accounting for Further and Higher Education' and the 2023/24 Government Financial Reporting Manual (FReM) issued by the Scottish Government and in accordance with Financial Reporting Standards (FRS 102). The College is a public benefit entity and therefore applies the public benefit requirements of FRS102. They conform to relevant parts of the Scottish Public Finance Manual (SPFM), the Accounts Direction and other guidance issued by the Scottish Funding Council (SFC).

2.2 Significant accounting policies should be disclosed particularly in the event of a change in policy or in relation to a material item. The accounting policy for a particular item within the financial statements may be disclosed within the note for that item.

3 INTANGIBLE ASSET ACCOUNTING POLICY

3.1 The intangible assets policy was added to the financial statements retrospectively last year to ensure appropriate accounting was in place for intangible assets in respect of the College Website, the HR system implementation and other support software purchased during the year. This policy will continue to apply indefinitely.

4 FIXED ASSET ACCOUNTING POLICY

4.1 The SFC have been more prescriptive this year in terms of defining the specific terms of use for capital funding. This funding stream can no longer be used to support general maintenance costs (outside of pre-agreed percentage splits for 2023/24) and going forward in 2024/25, should be used entirely for capital expenditure, with no allowance to offset any routine maintenance expenditure. For Colleges with significant loans, they have lost the ability to rely on this funds stream to support the upkeep of finance secured on assets. This will translate into larger deficits with this funding stream being reflected as capital spend on the balance sheet/statement of financial position only.

4.2 The College Sector continues to ask the SFC for some flexibility within this budget, but this has not been forthcoming for 2024/25 so far and so the College sector is preparing for further deficits as a result of a lost contribution towards routine maintenance costs.

4.3 South Lanarkshire College has not been impacted to the same extent as other colleges who have loans in place however the College did historically utilise approximately 50% of capital monies for routine maintenance costs and after 2023/24, the College will have no option than to use the funding for capital purchases in its entirety.

4.4 The College's accounting policy for fixed assets is to capitalise items over the value of £10,000, which does still allow for smaller items of capital to be reflected through income and expenditure with some funding to offset it.

4.5 Wording to this effect has been updated within the fixed asset policy notes in the appendix in red, in direct consultation with other Colleges within the sector.

5 RESOURCE IMPLICATIONS

5.1 The successful compilation of the Financial Statements is dependent on Finance Team compliance with these policies, in conjunction with New College Lanarkshire for the completion of the Consolidated Financial Statements.

5.2 The College Finance Team must ensure that their knowledge is up to date on all accounting policies to ensure the accuracy of the accounts that they prepare.

6 EQUALITIES

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

7 RISK AND ASSURANCE

7.1 The main risks in failing to adhere to accounting policies are to:

7.1.1 Going concern due to poor financial oversight and management of results;

7.1.2 operational failure as financial Statements are a prerequisite for contracts and for continued central funding, and

7.1.3 statutory non-compliance with sponsors and regional bodies such as Lanarkshire Regional Strategic Body, the Scottish Funding Council, Audit Scotland and, ultimately, the Scottish Parliament.

8 RECOMMENDATIONS

8.1 The Committee is asked to:

8.1.1 Note and approve the proposed accounting policies contained within the appendix, paying particular attention to the updates in red.

1. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) 2019: 'Accounting for Further and Higher Education' and the 2022/23 Government Financial Reporting Manual (FReM) issued by the Scottish Government and in accordance with Financial Reporting Standards (FRS 102). The College is a public benefit entity and has therefore applied the public benefit requirements of FRS102. They conform to relevant parts of the Scottish Public Finance Manual (SPFM), the Accounts Direction and other guidance issued by the Scottish Funding Council.

Basis of Accounting

The financial statements are prepared under the historical cost convention modified by the revaluation of land and buildings.

The accounting policies contained in the FReM apply International Reporting Standards as adapted or interpreted for the public sector context. Where the FReM is contradicted by the SORP, the SORP has taken precedence. The particular policies adopted by the College in dealing with items that are considered material to the financial statements are set out below.

Income recognition

Income from the sale of goods or services is credited to the Statement of Comprehensive Income (SOCl) when the goods or services are supplied to the external customers, or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure and credited to the SOCl over the period in which students are studying. Investment income is credited to the statement of comprehensive income and expenditure on a receivable basis.

Funds the College receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the College where the

College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Grant Funding

Government revenue grants including Funding Council block grant are recognised in income over the periods in which the College recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred, it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Donations and endowments

Non-exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor-imposed restrictions are recognised in income in the SOCI at the point when the College is entitled to the funds. They are subsequently retained within a restricted reserve until such time that expenditure is incurred in line with such restrictions at which point the income is released to unrestricted reserves through a reserves transfer. Donations with no restrictions are recognised in income in the SOCI when the College is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms of the restriction applied to the individual endowment fund

There are four main types of donations and endowments identified within reserves:

1. Restricted donations - the donor has specified that the donation must be used for a particular objective;
2. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the College;
3. Restricted expendable endowments - the donor has specified a

particular objective other than the purchase or construction of tangible fixed assets, and the College has the power to use the capital;

4. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Capital grants

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

Fixed Assets

The College's buildings are specialised buildings and are revalued to fair value. They are revalued on a three-year cycle unless there is evidence of a material movement in them. Buildings, including the College's eco-house, are depreciated over the expected useful economic life to the College of 40 years, but land is not depreciated.

Capital items that fall below the £10,000 threshold for capitalisation will be charged directly to the Income and Expenditure account in the period of purchase, and where applicable will have capital grant funding released against these items. This covers mainly lower value items from the college estate. Individual assets whose costs fall below the threshold but are of a similar type are grouped.

Where assets are purchased with the aid of government capital grants, they are capitalised and depreciated per the rates shown below. Government capital grants relating to specific capital expenditure on depreciable assets are treated as a deferred credit and are recognised in income on a systematic basis over the expected useful lives of the assets to which the grants relate.

A review for impairment of fixed assets is carried out at each reporting date.

Other fixed assets are carried at depreciated historical cost, which is used as a proxy for fair value. Depreciated historical cost is deemed to be more appropriate than revaluing other assets, as it is common for such assets to reduce in value, rather than increase, as they are utilised by the College.

Surpluses arising on the revaluation of the College's properties are transferred to the revaluation reserve. Additional depreciation on the revalued amount of these assets is transferred from revaluation reserve to unrestricted reserve together with any surplus or deficit on disposal.

Intangible Assets

Intangible assets are carried at fair value, these include software or development costs. They are amortised on a straight-line basis over estimated useful lives of four years. The college shall recognise an intangible asset only if:

- (a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- (b) the cost or value of the asset can be measured reliably.

Depreciation

Depreciation is charged over the estimated useful life of the asset to the residual value of the asset where appropriate. Depreciation rates used are as follows:

| | |
|----------------------|--|
| Land | Land is not depreciated |
| Buildings | 2.5% per annum straight line to a residual value |
| Furniture & Fittings | 25% per annum straight line |
| Computer Equipment | 25% per annum straight line |
| Intangible Assets | 25% per annum straight line |
| Plant & Equipment | 4% and 10% per annum straight line |
| Eco-House | 2.5% per annum straight line |
| Motor Vehicles | 33% per annum straight line |

Stocks

Stocks are stated at the lower of cost and net realisable value.

Accounting for Retirement Benefits

All members of staff have the option of joining a pension scheme. The schemes currently open to members of staff are the Scottish Teachers' Superannuation Scheme (STSS) and the Strathclyde Pension Fund (SPF). These schemes are defined benefit schemes which are externally funded.

Full provision has been made for those pension costs which do not arise from external defined benefit schemes.

Defined Benefit Schemes

Defined benefit schemes are post-employment benefit plans other than defined contribution schemes. Under defined benefit schemes, the College's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the College. The College should recognise a liability for its obligations under defined benefit schemes net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of scheme assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the College is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Strathclyde Pension Fund

The Strathclyde Pension Fund is a pension scheme providing benefits based on pensionable pay. The assets and liabilities of the scheme are held separately from those of the College. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability. Contributions to the Scheme are determined by an actuary on the basis of triennial valuations using the Age Attained Method. Variations from regular cost are spread over the expected average remaining working lifetime of members of the schemes, after making allowances for future withdrawals. The amount charged to the SOCI represents the service cost expected to arise from employee service in the current period.

Scottish Teachers' Superannuation Scheme

The College participates in the Scottish Teachers' Superannuation Scheme pension scheme providing benefits based on pensionable pay. The assets of the scheme are held separately from those of the College. The College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS102, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the period.

Employment benefits

Short-term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Taxation

The College has been entered into the Scottish Charity Register and is entitled, in accordance with section 13(1) of the Charities and Trustee Investment (Scotland) Act 2005, to refer to itself as a Charity registered in Scotland. The College is recognised by HM Revenue and Customs as a charity for the purposes of section 505, Income

and Corporation Taxes Act 1988 and is exempt from Corporation Tax and Capital Gains Tax on its charitable activities. The College receives no similar exemption in respect of Value Added Tax.

Maintenance of Premises

The costs of maintaining College premises are charged to the SOCI in the year in which they are incurred.

Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the College, are held as a permanently restricted fund which the College must hold in perpetuity. Other restricted reserves include balances where the donor has designated a specific purpose and therefore the College is restricted in the use of these funds.

Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- a. the College has a present obligation (legal or constructive) as a result of a past event;
- b. it is probable that an outflow of economic benefits will be required to settle the obligation; and
- c. a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the College a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes to the financial statements.

Changes in accounting policy

There were no changes in accounting policies in the year.

FINANCE & RESOURCES COMMITTEE

| | |
|--|---|
| DATE | 3 September 2024 |
| TITLE OF REPORT | Year End Management Accounts & Cashflow |
| REFERENCE | 6.1 and 6.2 |
| AUTHOR AND CONTACT DETAILS | Elaine McKechnie – VP Finance, Resources & Sustainability Elaine.McKechnie@slc.ac.uk |
| PURPOSE: | To update Members on actual financial results for the year ending 31 July 2024 in conjunction with a projection of cashflow based on actual income and expenditure to 31 July 2024. |
| KEY RECOMMENDATIONS/ DECISIONS: | Members are asked to: <ul style="list-style-type: none"> • note the financial position for the quarter and the narrative that supports the figures; • note the cashflow situation as notified to Scottish Funding Council and the SLT monthly |
| RISK | The main risks are to: <ul style="list-style-type: none"> • Going concern; that the College cannot maintain financial sustainability and is unable to provide high quality education and support to its students; and that • There are insufficient funds for capital maintenance and maintenance requirements. |
| RELEVANT STRATEGIC AIM: | <ul style="list-style-type: none"> • The Highest Quality Education and Support • Sustainable Behaviours |

| | |
|----------------------------------|--|
| <p>SUMMARY OF REPORT:</p> | <ul style="list-style-type: none"> • The report contains a summary of income and expenditure for year to 31 July 2024 resulting in a YTD deficit of £602k. • The Committee is asked to note that these draft management accounts do not reflect statutory, year end adjustments and so there may be some variation in the final year-end financial statements, of which a full reconciliation will be provided at the subsequent meeting. • The cash flow report submitted to the SFC is yet again 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 £2.1m in the bank at the of year 2024/25, with further cuts to grant funding in real terms, this would be eroded in further in 2025/26 in the absence of a strategic review and rationalisation of operations. • The Committee should also be encouraged by the work that is on-going to monitor cash flow and realise |
| | <p>additional income through bank accounts with greater interest earning potential, with the recent placement of £770,350 on a 6-month deposit from 2 August 2024.</p> |

1 INTRODUCTION

- 1.1. This paper provides an overview of actual financial results for the year ending 31 July 2024 in conjunction with a projection of cashflow for academic year 2024-25 based on actual income and expenditure to 31 July 2024.

2 BACKGROUND

- 2.1 The financial results to 31 July 2024 and the cashflow contained within this paper continue to paint a 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 Learning and teaching core funding in 2024/25 will be maintained at the same level as 2023/24. However, this is only one of several income lines and does not account for any growth or desire to expand course offerings in the region.
- 2.3 As noted previously, the College is facing a further 2.89% funding cut in 2024/25 and with predicted deficits set to continue this year and beyond, the College needs to be more proactive in managing its cost base and identifying greater commercial income activity to try and protect resources and bring more financial stability to its operations over the next two years.

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 The management accounts have been prepared as at 26 August 2024. Utilising Power BI modules, progress has been made in identifying the potential value of income at each calendar month end and work is ongoing to embed this information into a more formal month end process across 2024/25.
 - 3.1.2 The financial data within the accounts has been verified to the finance system as at 31 July 2024. The Committee is asked to note that these accounts represent management accounts only for the year and do not reflect full, year-end adjustments that will be recognised for financial statement purposes (e.g. grant funding releases, accurate fixed asset depreciation).

3.1.3 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 is scheduled to take place over the next 2-3 weeks in preparation for the year end external audit by Audit Scotland in October 2024.

3.1.4 It was noted previously that the Finance team was looking to enhance the quality of monthly reporting for subsequent quarterly outputs from May 2024 onwards. Due to competing priorities and the time involved in undertaking a wider review of finance system future requirements, this is being now being targeted for roll out later in 2024.

3.1.5 The Committee is asked to note that the Finance team has a scoping session with a consultant at the end of August 2024 to discuss the project plan for updates to the finance system, with a consultant arriving onsite for a day in early September 2024 to support with the critical changes required. The establishment of a profit and loss account, balance sheet and cashflow reports in the finance system will enable the finance team to build a monthly reporting pack as soon as the system updates are made and reporting has been tested and rigorously reviewed to ensure accuracy.

3.1.6 As per May 2024, the full year budget deficit of £761k reflects the least likely scenario of a 3% salary per annum award. With the likely settlement of pay award for curriculum staff matching the existing business support staff pay rise that was processed in June 2024, the expected overall deficit might have been higher. However, due to in year savings in salaries (circa £200k) and savings because of strike action deduction (£200k), the overall deficit is not expected to materially differ from this value.

4 MANAGEMENT ACCOUNTS: OPERATING SURPLUS/(DEFICIT)

4.1 Being mindful of the limitations above, the College has recognised an operating deficit of £602k in the year to 31 July 2024. As noted above, this result will be subject to detailed scrutiny in the coming weeks in preparation for external audit and as such, cannot be considered as final at this stage. A reconciliation between this draft result and the actual result will be prepared for the next Committee meeting in November 2024.

4.2 The deficit primarily reflects the increasing cost base facing the College. As noted previously, such financial pressures are being felt sector-wide and this result emphasises the requirement for closer monthly financial monitoring.

5 MANAGEMENT ACCOUNTS: INCOME

5.1 Total income of £17,322k has been received YTD, with £14,284k relating to Scottish Funding Council (SFC) grants, representing 82.5% of total income. 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%.

5.2 Funding from the Scottish Funding Council has been received across August – July 2024 in line with monthly drawdown submissions.

5.3 As noted previously, FWDF contains a £31k release of an overprovision in respect of 22/23 FWDF monies during the second quarter. This has been partially offset by the receipt of £15k in the first quarter for 22/23 FWDF additional offers from the SFC.

5.4 Fees of £1,990k reflect all course fees, vocational courses, school provisions and commercial income from the year 2024/25. This level of fees includes invoicing for both August 2023 and January 2024 intakes now that academic year 2023/24 has ended. This represents an increase of £264k on budget (15.3%).

5.5 Alternative Funding of £599k primarily represents a provision for residual modern and apprenticeship income, of which the full contract value of £627,307 is expected to fall short by £51k (total = £576,307) and £23k of Innovate UK funding.

5.6 Other income of £465k includes £165k of UK Shared Prosperity Fund income for numeracy skills for 23/24, £11k for Lanarkshire Communities Climate Action Hub, £208k for Rural Academy and £80k in respect of rent from the Nursery space.

6 MANAGEMENT ACCOUNTS: EXPENDITURE

6.1 Wages and salaries are £13,314k YTD, being under budget by £400k. Despite additional temporary lecturing activity in the curriculum staffing side in the early part of 2024, there are approximately £200k of in-year savings within business support; primarily due to leavers and some roles that have not been backfilled. The last quarter of 2023/24 saw a significant rise in the number of lecturing staff

participating in strike action, and strike deductions across May and Jun 2024 account for further savings of approximately £200k.

6.2 Non salary expenditure/overheads of £4,610k (versus £4,555k budget) are overspent by £55k. Property spend is overspent by £489k reflecting increased utility prices and general inflationary increases impacting on routine service and maintenance contracts; further impacted by the increasing age of the building and the requirement to access services more frequently. A further £110k of VAT on utilities has been incurred this year as the College sought to correct an error in VAT charged on utility bills across the prior 4 years. With many of the routine service and maintenance contracts recently being put onto compliant procurement framework, the College would anticipate savings to materialise within the next academic year.

6.3 Academic supplies are overspent by £75k, reflecting raw material cost increases during the cost-of-living crisis; timber, metal and other building supplies.

6.4 Central services cost is £48k over budget reflecting legal costs incurred through 2023/24 in preparation for employment tribunals scheduled for November 2024, together with a £25k accrual in respect of accountancy consultancy charges for the employee pension contribution correction.

6.5 As previously advised, the capital funds from SFC of £218k reflect the intention of the College to utilise 25% of its full capital funding allowance on routine facility maintenance and servicing works. The residual 75% (£652k) will be capitalised on capital expenditure projects undertaken during 2023/24.

6.6 Net depreciation refers to the cost of depreciation that is met through self-funding initiatives as opposed to specific grant funding received and amortised at the same rate as the underlying asset depreciates. No depreciation is formally recognised mid-year as fixed assets tend to be reconciled at year end only, which has not yet been finalised. The prior year net depreciation figure for 2022-23 was £593k and against a budget of £620k. For illustrative purposes, these management accounts have been modelled on the full year budgeted value.

7 CASH FLOW

7.1 The College makes its 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 Committee are asked to note that the cashflow reflected in the paper is the College's August 2024 submission. The College anticipates a bank balance of circa £2.1M by 31 July 2025 which considers costs involved in a likely restructure as presented in the budget for 2024/25, together with the cash impact of backdated pay awards for curriculum staff in the first quarter of 2024/25 and the effective salary increase from 1 September 2024.
- 7.3 Despite proposed cash reserves of circa £2.1m on this submission by the end of the academic year 24/25, the lack of control around the setting of salary rates and the potential for further increases in 2025/26 and beyond is likely to continue to erode cash balances. The cashflow therefore supports the urgent need for a strategic review to rationalise expenditure and seek initiatives for income growth and income diversification.
- 7.4 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.
- 7.5 With Committee approval in July 2024, the £750k on a 6-month short term deposit account that expired 02/08/2024 was reinvested, including the previously achieved interest of £20,350. The interest rate had fallen to 3.79% from 3.91% but is still expected to generate a further £14,798 on expiry on 03/02/2025. Despite the fall in interest rate, this rate still tracked above Business Reserve accounts and Liquidity 35-day and 95-day notice accounts on placement date, representing a better investment opportunity than continuing to hold the cash in the College's current account.

8 QUARTERLY MANAGEMENT ACCOUNTS TO 31 JULY 2024

| Management Accounts to 31st July 2024 | | Note | 12 Months to July 2024 | | |
|--|-----------------------------|------------------|------------------------|---------------|--------------|
| | | | 2023/24 | | |
| | | | Actual | Budget | Variance |
| | | | £'000 | £'000 | £'000 |
| INCOME | | | | | |
| | SFC - Grant in Aid | 1 | 13,725 | 13,724 | 1 |
| | SFC - ESF | 2 | 59 | 376 | (317) |
| | SFC - Capital | 3 | 218 | 870 | (653) |
| | SFC - Salaries Contribution | 4 | 177 | 177 | (0) |
| | SFC - Other | 5 | 106 | 0 | 106 |
| | | | | | |
| | Total SFC income | 0.8245972 | 14,284 | 15,147 | (863) |
| | | | | | |
| | FWDF | 6 | (15) | 360 | (375) |
| | Fees | 7 | 1,990 | 1,726 | 264 |
| | Alternative Funding | 8 | 599 | 207 | 392 |
| | Other income | 9 | 465 | 69 | 396 |
| | | | | | |
| | Total Income | | 17,322 | 17,508 | (186) |
| | | | | | |
| EXPENDITURE | | | | | |
| | | | | | |
| Wages & Salaries | | | | | |
| | Recurrent | | 13,108 | 13,507 | 399 |
| | SFC - salaries contribution | | 177 | 177 | 0 |
| | Pension Provision | | 30 | 30 | 0 |
| | | 10 | 13,314 | 13,714 | 400 |

| | | | | | |
|-------------------------------|---------------------|--------|--------------|--------------|------------|
| | | | | | |
| Non Salary Expenditure | | | | | |
| | Property | 11 | 1,449 | 960 | (489) |
| | SFC - Capital | | 218 | 870 | 653 |
| | SFC - Other | Contra | 0 | 0 | 0 |
| | Net Depreciation | 12 | 620 | 620 | 0 |
| | Central Services | 13 | 887 | 839 | (48) |
| | Marketing | 14 | 127 | 130 | 3 |
| | Academic supplies | 15 | 1,156 | 1,081 | (75) |
| | Cross College Costs | 16 | 154 | 55 | (99) |
| | | | 4,610 | 4,555 | (55) |
| | | | | | |
| Total Expenditure | | | 17,924 | 18,269 | 345 |
| | | | | | |
| Surplus / (Deficit) | | | (602) | (761) | 159 |
| | | | | | |
| | | | | | |

9 SHORT TERM CASH FLOW PROJECTION

| | | | | |
|--|-------------|-------------|--|---|
| South Lanarkshire College | | | | |
| Short term cash flow forecast | | | | |
| Sep 24 | | | | |
| Balance at 26 Aug 2024 | A | 5,833,065 | Note anticipated a actual balance of £5,238,478 in prior month | |
| | | Expected | Actual | |
| Inflow | | | | |
| SFC grant in aid drawdown | | 1,372,398 | | Month 2 of drawdowns |
| SFC student support drawdown | | 404,423 | | Month 2 of drawdowns |
| SFC Capital Grant | | 85,007 | | Month 2 of drawdowns |
| | | 1,861,828 | | |
| Other (inc. fees) | | 250,000 | | |
| Expected inflow for Sep 2024 | B | 2,111,828 | | |
| Outflow | | | | |
| Salaries - net pay | | (1,700,000) | | Payable 26th Sep 24 (incl. curriculum pay award settlement & pay rise effective 1 Sep 2024) |
| Salaries - deductions | | (568,000) | | Employee & employer salary contributions for Aug 24 payable in Sep 24. |
| Student support | | (250,000) | | Student support payouts expected to start for new academic year |
| Purchase ledger | | (500,000) | | |
| Capital grant expenditure | | (200,000) | | |
| Expected outflow for Sep 2024 | C | (3,218,000) | | |
| Movement during the month | (B - C) = D | (1,106,172) | | |
| Expected cash at 30 Sep 2024 | (A - D) = E | 4,726,893 | | |
| Sums ring-fenced & carried forward from financial year 2022/23 & 2023/24 | | | | |
| Salary award at 1 September 2022 & September 2023 | | 0 | | Curriculum staff |
| Job evaluation - unfunded | | 806,000 | | Additional Job Evaluation unfunded accrual for 23/24 |
| Capital expenditure | | 850,260 | | Per CAPEX schedule for 24/25 |
| ESF clawback provision | | 159,000 | | Additional clawback of £28k required in respect of 21/22 (Aug 2024) |
| Building retention | | 32,000 | | |
| Student funding to be repaid | | 0 | | |
| Apprentice support fund | | 6,000 | | |
| | F | 1,853,260 | | |
| Provisions for items carried fwd from 2023/24 budget | | | | |
| Professional fees | | 150,000 | | Includes £50K provision for pension consultancy |
| ET | | 800,000 | | Estimation of potential ET costs |
| | G | 950,000 | | |
| Funds to be retained from cash balance | | | | |
| | (F + G) = H | 2,803,260 | | |
| Free funds forecast at 30 Sep 2024 | (E - H) = J | 1,923,633 | | Note: one month's salaries = £1.4m |
| Major contract income receivable in respect of 2023/24 | | | | |
| CIIB income | | 235,821 | | |
| | | 235,821 | | |
| SNIPF income | | 0 | | |
| Major contracts income receivable | | 235,821 | | |

10 MONTHLY CASHFLOW SUBMITTED TO THE SFC (22 August 2024)

| Monthly cashflow forecast: | | | | | | | | | | | | | | | | | | |
|---|-------------------|-------------------|-------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| | Actual | | | | Current | Forecast | | | | | | | | | | | Totals | |
| | Apr-24 | May-24 | Jun-24 | Jul-24 | Aug-24 | Sep-24 | Oct-24 | Nov-24 | Dec-24 | Jan-25 | Feb-25 | Mar-25 | Apr-25 | May-25 | Jun-25 | Jul-25 | Total | Total |
| | Actual | Actual | Actual | Actual | current | forecast | forecast | forecast | forecast | forecast | forecast | forecast | forecast | forecast | forecast | forecast | FY 2023-24 | AY 2023-24 |
| RDEL | | | | | | | | | | | | | | | | | | |
| Income from foundation (revenue) | | | | | | | | | | | | | | | | | 0 | 0 |
| Other Income excluding EMA (revenue) | 363,740 | 126,528 | 212,305 | 737,184 | 75,000 | 125,000 | 300,000 | 90,000 | 425,000 | 1,100,000 | 125,000 | 325,000 | 350,000 | 125,000 | 200,000 | 750,000 | 3,965,569 | 4,001,009 |
| RSB funding | | | | | | | | | | | | | | | | | 0 | 0 |
| Total RDEL income (excluding drawdown) | 363,740 | 126,528 | 212,305 | 737,184 | 75,000 | 125,000 | 300,000 | 90,000 | 425,000 | 1,100,000 | 125,000 | 325,000 | 350,000 | 125,000 | 200,000 | 750,000 | 3,965,569 | 4,001,009 |
| Wages and Salaries | 1,066,818 | 1,052,464 | 1,342,237 | 1,267,365 | 1,250,000 | 1,750,000 | 1,275,000 | 1,275,000 | 1,275,000 | 1,275,000 | 1,275,000 | 1,275,000 | 1,275,000 | 1,275,000 | 1,275,000 | 1,275,000 | 12,014,785 | 12,615,222 |
| restructuring costs | | | | | | | | | | | | | | | | | 0 | 0 |
| Other Operating Expenditure excl' EMA | 392,547 | 162,516 | 428,490 | 299,587 | 400,000 | 650,000 | 600,000 | 500,000 | 1,025,000 | 400,000 | 300,000 | 300,000 | 200,000 | 200,000 | 450,000 | 300,000 | 5,281,489 | 4,433,887 |
| NPD Unitary charges (paid by colleges) | | | | | | | | | | | | | | | | | 0 | 0 |
| | | | | | | | | | | | | | | | | | 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 | 116,476 | 116,476 |
| Student Support expenditure (excluding EMA) | 529,181 | 494,885 | 70,751 | 107 | 404,423 | 404,423 | 363,981 | 363,981 | 323,539 | 404,423 | 202,212 | 121,327 | 485,308 | 323,539 | 363,981 | 283,095 | 3,597,770 | 3,629,719 |
| Total RDEL expenditure | 1,988,547 | 1,709,865 | 1,841,477 | 1,567,059 | 2,054,423 | 2,804,423 | 2,238,981 | 2,138,981 | 2,623,539 | 2,079,423 | 1,777,212 | 1,696,327 | 1,960,308 | 1,798,539 | 2,088,981 | 1,858,095 | 21,010,520 | 20,795,304 |
| Net RDEL expenditure (a) | -1,624,807 | -1,583,337 | -1,629,173 | -829,875 | -1,979,423 | -2,679,423 | -1,938,981 | -2,048,981 | -2,198,539 | -979,423 | -1,652,212 | -1,371,327 | -1,610,308 | -1,673,539 | -1,888,981 | -1,108,095 | -17,044,951 | -16,794,295 |
| CDEL | | | | | | | | | | | | | | | | | | |
| Income from foundation (capital) | | | | | | | | | | | | | | | | | 0 | 0 |
| Proceeds of sale of fixed assets | | | | | | | | | | | | | | | | | 0 | 0 |
| Other income (capital) | | | | | 391,034 | 85,007 | 76,507 | 76,507 | 68,006 | 85,007 | 42,504 | 25,501 | 0 | 0 | 0 | 0 | 561,209 | 384,690 |
| Total CDEL income | 0 | 0 | 0 | 0 | 391,034 | 85,007 | 76,507 | 76,507 | 68,006 | 85,007 | 42,504 | 25,501 | 0 | 0 | 0 | 0 | 561,209 | 384,690 |
| Backlog maintenance capital | | | | | 35,000 | 3,200 | 1,000 | 7,000 | 5,000 | 40,000 | 5,000 | 0 | | | | | 271,643 | 271,643 |
| Lifecycle maintenance capital | | | | 21,744 | 10,000 | 30,000 | 30,000 | | | 100,000 | 50,000 | 95,000 | 140,000 | 169,560 | | 129,313 | 233,113 | 155,546 |
| Digital poverty | | | | 62,507 | | | | | | | 0 | 0 | | | | | 0 | 62,507 |
| Other capital expenditure (land, buildings, fixtures, IT) | | | | | | | | | | | | | | | | | 905,441 | 128,825 |
| Work in Progress (Assets Under Construction) | | | | | | | | | | | | | | | | | 0 | 0 |
| Surrender of proceeds | | | | | | | | | | | | | | | | | 0 | 0 |
| Total CDEL expenditure | 0 | 0 | 0 | 84,251 | 45,000 | 33,200 | 31,000 | 7,000 | 5,000 | 140,000 | 55,000 | 95,000 | 140,000 | 169,560 | 0 | 129,313 | 1,410,197 | 618,521 |
| Net CDEL expenditure (b) | 0 | 0 | 0 | -84,251 | 346,034 | 51,807 | 45,507 | 69,507 | 63,006 | -54,993 | -12,496 | -69,499 | -140,000 | -169,560 | 0 | -129,313 | -848,988 | -233,830 |
| ODEL | | | | | | | | | | | | | | | | | | |
| Capital Loan/Lennartz Repayments (c) | | | | | | | | | | | | | | | | | 0 | 0 |
| EMA | | | | | | | | | | | | | | | | | | |
| EMA income | 0 | 9,550 | 13,500 | 5,580 | 2,340 | 0 | 1,320 | 2,640 | 8,370 | 11,580 | 4,830 | 20,785 | 0 | 9,550 | 13,500 | 5,580 | 76,935 | 80,495 |
| EMA expenditure | 4,890 | 13,500 | 5,160 | 540 | 0 | 1,350 | 2,610 | 8,370 | 12,390 | 4,020 | 7,800 | 10,380 | 4,890 | 13,500 | 5,160 | 540 | 68,010 | 71,010 |
| Net EMA (d) | -4,890 | -3,950 | 8,340 | 5,040 | 2,340 | -1,350 | -1,290 | -5,730 | -4,020 | 7,560 | -2,970 | 10,405 | -4,890 | -3,950 | 8,340 | 5,040 | 8,925 | 9,485 |
| Total Net Outflows/(Inflows) (a) +(b)+(c) -(d) | -1,629,697 | -1,587,287 | -1,620,833 | -909,086 | -1,631,049 | -2,628,966 | -1,894,764 | -1,985,204 | -2,139,553 | -1,026,856 | -1,667,678 | -1,430,421 | -1,755,198 | -1,847,049 | -1,880,641 | -1,232,368 | -17,885,013 | -17,018,640 |
| Opening Bank Balance | 4,331,201 | 4,440,879 | 4,298,038 | 4,268,227 | 4,688,623 | 5,225,429 | 4,458,291 | 4,239,173 | 3,929,615 | 3,279,525 | 4,114,497 | 3,377,734 | 2,505,860 | 2,882,847 | 2,457,255 | 2,175,753 | | |
| Net Cash Available | 2,701,504 | 2,853,592 | 2,677,206 | 3,359,140 | 3,057,574 | 2,596,463 | 2,563,527 | 2,253,969 | 1,790,062 | 2,252,669 | 2,446,819 | 1,947,313 | 750,662 | 1,035,798 | 576,614 | 943,385 | | |
| SFC Cash Drawdown Total | 1,739,375 | 1,444,446 | 1,591,021 | 1,329,483 | 2,167,855 | 1,861,828 | 1,675,646 | 1,675,646 | 1,489,463 | 1,861,828 | 930,915 | 558,547 | 2,132,185 | 1,421,457 | 1,599,139 | 1,243,775 | 18,966,026 | 18,446,020 |
| Closing Bank Balance | 4,440,879 | 4,298,038 | 4,268,227 | 4,688,623 | 5,225,429 | 4,458,291 | 4,239,173 | 3,929,615 | 3,279,525 | 4,114,497 | 3,377,734 | 2,505,860 | 2,882,847 | 2,457,255 | 2,175,753 | 2,187,160 | | |
| | 77 | 70 | 78 | 67 | 55 | 59 | 59 | 45 | 44 | 67 | 56 | 36 | 44 | 35 | 33 | 3 | | |

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 continue to be given by the College that work will progress to provide greater accuracy and transparency in monthly reporting for the final quarter of the year. Furthermore, the College is committed to monitoring 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:

- note the contents of the report, the financial position for the quarter and the narrative that supports the figures; and
- note the longer term cashflow situation as notified to Scottish Funding Council and the short term cashflow situation as presented to the SLT monthly.



Finance and Resources Committee

| | |
|--|--|
| DATE | 3 September 2024 |
| TITLE OF REPORT | Procurement Update |
| REFERENCE | 6.3 |
| AUTHOR AND CONTACT DETAILS | Sue Hampshire, Procurement Manager Sue.Hampshire@slc.ac.uk |
| PURPOSE: | To update the Committee on the Procurement function of South Lanarkshire College (SLC). |
| KEY RECOMMENDATIONS/ DECISIONS: | Members are asked to; <ul style="list-style-type: none"> • Note the continual improvements that the Procurement team deliver each quarter, representing an effective service and value for money. • Note that all potential savings from 2023-24 will be monitored, collated and reported to the Committee later in the academic year. |
| RISK | <ul style="list-style-type: none"> • That there is a failure of Corporate Governance arrangements and / or Financial Controls where the College does not follow Scottish Government procurement guidance; • The College does not receive value for money. • The College does not have sufficient resource to undertake full procurement initiatives. |
| RELEVANT STRATEGIC AIM: | <ul style="list-style-type: none"> • The Highest Quality Education and Support • Sustainable Behaviours |
| SUMMARY OF REPORT: | <ul style="list-style-type: none"> • 7 Contracts have been placed of which 4 via Framework 2 via Quotation and 1 via Sole Source Justification (SSJ). • 10 Contracts in progress • Procurement Project Manager – a 0.5 FTE reduction until end of contract (31/12/24). • Current Status of ongoing projects, Contract Awards and new projects. • Contract Savings update • Commencement of the Operational Procurement Review 27/08/2024 |

1 OVERVIEW

1.1 The College is continuing to make progress on procurement process and procedures and is currently working towards refreshing all procurement procedures, processes and templates; training on which will subsequently be delivered to all staff in due course.

1.2 The College has a contract with APUC for a 1.0 FTE procurement professional to provide procurement services for the College.

1.3 The additional APUC resource, Chris Harper - Procurement Project Manager, who was appointed as a 1.0 FTE will reduce to 0.5 FTE from 1st October 2024 until 31st Dec 2024 and is continuing to work towards completion of specified allocated projects to assist with the current work demands.

2 THE PROCUREMENT REPORTS

2.1 A contract award report for the Learning Management system is currently being prepared.

2.2. The Operational Procurement Review (OPR) will be taking place on 27th August 2024, this review is to assess the progress of the procurement function within SLC. This is carried out every 4 years by APUC. The outcome of this review will be reported back to SLC and to the Board.

3. SUSTAINABILITY AND CARBON REDUCTION

3.1 Sustainability continues to be a key focus in Procurement and opportunities to build sustainability into each contract will continue to be considered. Procurement will also ensure that the College builds carbon reduction into the tendering exercise as it is important to adjust the working practices to enable us to reduce the carbon footprint. The College has targets for reducing indirect emissions of greenhouse gases and to report on how the

College will align spending and use of resources with emissions reduction efforts.

3.2 The College Procurement function is also looking at what is termed “circular procurement” which sets out an approach to green public procurement. This includes paying special attention to “the purchase of works, goods or services that seek to contribute to the closed energy and materials loops with the supply chains, whilst minimising, and in the best case avoiding, negative environmental impacts and waste creation across the whole life-cycle”. This will be embedded into the procurement policy and processes. For example: potentially leasing, rather than owning, vehicles.

3.3 The Supply Chain Manager attends the Climate Change Action Team (CCAT) to obtain information on anything that could be included in future procurement activities and to advise on opportunities for Community Benefit. This a great selection of peers all across the organisation exchanging ideas and challenging the narrative. The group is actively participating in the delivery of the climate change strategy and FNT2030 within the college.

3.4 The Supply Chain Manager has collated data for “*From Now To 2030*” (FNT2030), a Scottish Government initiative to reduce the carbon footprint to zero by the year 2030, under the distinct categorises below. This relates to the sustainability strategic aims targeted at 2030, linked to the UC Sector Climate Strategy (May 2022) signed by all College Principals.

3.5 “*FNT2030*” has been broken into distinct categories that are required to be reported to the Scottish Government as follows:

- Energy
- Food
- Furniture
- Information Services
- Labs and
- Travel

3.6 However, there are other sustainability targets throughout all the Universities and Colleges aimed at 2038 which are currently being reported back to the Scottish Government so the collated information will be combined to prevent a duplication of effort.

4 PROCUREMENT PROJECT MANAGER – ALLOCATED WORK

4.1 Chris Harper (Procurement Project Manager) has been allocated the following projects to complete.

4.2 *Table 1: Procurement Project Manager’s allocated work*

| Contract | Process |
|---|---|
| Biodegradable Towels | Framework will be put in place for this service via APUC or direct award. |
| Trades Materials | Framework |
| Access Control Purchase and Maintenance and CCTV, Fire and Intruder alarm service | Out to Tender |
| Estates Cleaning Services inc Washroom | Awarded |
| Window Cleaning | Awarded |
| Psychological Testing | Quick Quote |
| Pest Control | Out for Tender |
| Water Coolers | Framework |

5 SINGLE TENDER ACTIONS – SINCE LAST REPORT

5.1 *Table 2: Single Tender Actions*

| Contract | Service Area | Cost | Supplier(s) | Contracted |
|-----------------|--------------|---------|------------------|------------|
| Outdoor Signage | Marketing | £23,400 | Phoenix Outdoors | 09/07/2024 |

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

6 CONTRACT STATUS

6.1 The following contracts are due for renewal:

6.1.1 *Table 3: Contracts due for renewal*

| Contract | Expiry | Anticipated Procurement Process |
|----------|--------|---------------------------------|
|----------|--------|---------------------------------|

| | | |
|-----------------|------------|---|
| Legal Services | 11/01/2024 | Mini competition via Framework agreement. |
| Postal Services | New | Framework Agreement |

6.2. The following contracts are next to be placed:

6.2.1 Table 4: Contracts to be placed

| Contract | Type | Anticipated Procurement Process |
|---------------------|------|---------------------------------|
| Legal Services | New | Framework Agreement |
| Postal Services | New | Framework Agreement |
| Occupational Health | New | Framework Agreement |
| Water Coolers | New | Framework Agreement |

6.3 The following contracts are in the tender process and will be awarded in due course.

6.3.1 Table 5: Contracts currently in the tender process

| | Service | Area | Process | Stage | Via |
|---|---|------------------|---------------------|------------------------|-----|
| 1 | Learning Management System (LMS) (Previously Student Records) | IT/MIS | Framework Agreement | Evaluation Stage | SH |
| 2 | Catering Services | Principalship | Open Tender | Award | SH |
| 3 | Trade Materials | Construction | ITQ | Call of Framework | CH |
| 4 | Access Control Purchase and Maintenance and CCTV, Fire and Intruder alarm service | Estates/IT | Open Tender | Out to Tender | CH |
| 5 | Postal Services (Inclusive of Stamps) | Student Services | Framework | Stakeholder engagement | SH |
| 6 | Pest Control | Estates | ITQ | Out to tender | CH |

| | | | | | |
|----|-----------------------|---------|-----------|---|----|
| 7 | Psychological Testing | Care | ITQ | Stakeholder Engagement | CH |
| 8 | Occupational Health | HR | Framework | Project Commencement | SH |
| 9 | Water Coolers | Estates | Framework | Project Commencement/ Exploring Frameworks | CH |
| 10 | Legal Services | Finance | Framework | Stakeholder Engagement | SH |

6.4 The following contracts have been awarded since last report:

6.4.1 Table 6: Contracts that have now been placed via tenders and / or extended

| Service | Contracted | Awarded to: | Value | Via |
|--|------------|-----------------------------|--|---------------------|
| Estates Cleaning Services inc Washroom | 24/06/2024 | Rentokil Initial Uk Limited | £8,966.40 | Framework Agreement |
| Firewalls incl Support | 02/07/2024 | Boxxe Limited | £58,560.00 | Framework Agreement |
| Window Cleaning | 20/07/2024 | Greig Avinou Ltd | £11,638.00 | ITQ |
| Dulux Decorator Centre 360 Educational Agreement | 25/07/2024 | Dulux Decorators Centre | £19,714 -= will be less as this contract / CPC agreement gives a 40% discount on Paint & Materials | Quotation |
| Adobe (inclusive of Adobe Sign) | 29/07/2024 | Academia Ltd | £20,033.75 | Framework Agreement |
| Mini Bus hire | 07/08/2024 | Enterprise Mobility | £4652.08 | Framework Agreement |

7 CONTRACT SAVINGS

7.1 *Dulux 360 Agreement*

7.1.1 There has been a long period of overspend within the wet trades and Facilities area on paint and materials and it has been brought to the attention of the college that SLC were signed up to the wrong terms on the Dulux Joint Charter Agreement in

2018, which meant that we did not benefit from the full achievable savings from that agreement.

7.1.2 By signing up to the Dulux 360 agreement, SLC will now benefit from the full range of savings offered via Dulux within the educational sector which is up to 40% savings on paint and materials. This is also now open to use by both Construction and Estates.

7.1.3 This agreement will be reviewed on an annual basis to ensure that the savings are being achieved.

7.2 Washroom Services

7.2.1 This contract will save SLC £9k a year, which is 50% less than the previous incumbent.

7.3 Trade Materials

7.3.1 After a period of discussion, it has been decided that all the Trade Materials will be put through existing Frameworks, this will provide a better opportunity to achieve further savings via multiple Lots rather than using the quotation process. This is currently being discussed with the Construction Team. SLC will not be able to anticipate the savings generated until 2025.

7.3.2 It should be noted that the savings for academic year 2023-24 in full are expected to be published following completion of the Procurement Annual report later this year.

8 EQUALITIES

8.1 The College aims to conduct its procurements in an open and inclusive manner with the procurement strategy objectives at the forefront. There are no new matters for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report.

9 RISK AND ASSURANCE

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

9.2 The College does not receive value for money; and

9.3 The College does not have sufficient resource to undertake full procurement due diligence and process.

9.4 The College assures the Committee that in seeking to optimise the use of national, sectoral, local, or regional collaborative contracts and frameworks, the burdens of risk, contract and supplier management are shared and the number of resource-intensive formal local tenders that need to take place is reduced significantly. The College feels sufficiently supported in all procurement exercises.

10 RECOMMENDATIONS

10.1 Members are asked to:

10.1.1 Note the continual improvements that the Procurement team deliver each quarter, representing an effective service and value for money.

10.1.2 Note that all potential savings from 2023-24 will be monitored, collated and reported to the Board later in the academic year.



FINANCE AND RESOURCES COMMITTEE

| | |
|--|---|
| DATE: | 3 September 2024 |
| TITLE OF REPORT: | Facilities Update |
| REFERENCE | 06.4 |
| AUTHOR AND CONTACT DETAILS | Craig Ferguson and James Jamieson Craig.Ferguson@slc.ac.uk James.Jamison@slc.ac.uk |
| PURPOSE: | To provide the Finance and Resources Committee with a summary of in-year performance to date. |
| KEY RECOMMENDATIONS/ DECISIONS: | Members are asked to note the following updates: <ul style="list-style-type: none">• the Scottish Funding Council Baseline College Infrastructure Survey;• summer work undertaken by the Facilities Team;• the Contract monitoring review; and• the sustainability charts reporting on energy, waste, water and gas. |
| RISK | <ul style="list-style-type: none">• That essential estates work is not carried out on a timely basis impacting on the learner experience.• That there is a failure to adhere to statutory and legislative health & safety requirements.• That the College does not meet the decarbonisation target by 2040. |
| RELEVANT STRATEGIC AIMS: | <ul style="list-style-type: none">• Highest quality education and support - providing a highquality environment for staff and students• Sustainable behaviours – environmentally sustainable behaviours. |

| | |
|----------------------------------|--|
| <p>SUMMARY OF REPORT:</p> | <ul style="list-style-type: none"> • The Scottish Funding Council announced the launch of its College Infrastructure Strategy, and the College has been asked to gather information for the SFC to put in place a long-term investment plan for the sector. • Much work has taken place over the summer period including, emergency lighting tests and repairs in all areas, work to strengthen the lift shafts has been completed and alteration work to various rooms. • A new mechanical Engineering contractor, Dalkia is now in place. • 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. • An overview of the options being presented to the College regarding the decarbonisation of the estate have been presented. |
| | <ul style="list-style-type: none"> • The charts being used for the College’s energy consumption, solar PV generation, waste and water provide a visual representation usage. Key challenge is finding additional ways to offset our energy usage where possible, given the significant increase in energy costs. It is hoped that the College’s new Climate Change Action Team can support with this. |

1. INTRODUCTION

1.1 This paper updates members on the Baseline College Infrastructure Strategy commissioned by the Scottish Funding Council (SFC), as well as outlining 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 BASELINE COLLEGE INFRASTRUCTURE STRATEGY

2.1 A meeting organised by the SFC at the Colleges Scotland in Stirling was attended by the Head of Facilities and Head of Management Information Systems. The purpose of the meeting was to obtain base line information to develop a College Infrastructure Strategy utilising accurate present information. More information is available - <https://www.sfc.ac.uk/estates-infrastructure/college-infrastructure-strategy-baseline2024/>

2.2 The purpose to develop a college infrastructure strategy, which is a once in a generation opportunity to create a coordinated infrastructure investment plan (underpinned by the [College Infrastructure Strategy \(CIS\) Delivery Plan](#)) for college estates in Scotland. It is an undertaking that will see the Scottish Funding Council (SFC) working in close partnership with the college sector to map out the investment needed over the next five to ten years. This group will be fed into on an ongoing basis and further updates will be provided to members.

3 FACILITIES WORKS

3.1 Much work has taken place over the summer period to get the College ready for the new academic year, please see below for work which has taken place.

3.1.1 Mandatory testing of the emergency lighting throughout the College buildings has taken place. This work highlighted areas of inoperable lighting, enabling issues such as completely failed light fittings, electrical driver, and battery packs to be addressed. All of the failures have been rectified providing reassurance of across college operation. This will continue to be reviewed on a regular basis.

3.1.2 As an update to the point raised at the Finance Committee in May 2024, the College had experienced an issue with the lifts, and this was alerted to the College by Kone. After inspections by the structural and lift engineer, a long-term fix to install galvanised steel plates across the lift shaft was proposed and

approved. This work has been successfully carried out and the lifts have since resumed normal operation.

3.1.3 Room G17 on the ground floor, which was originally the staff room has been reallocated to The Learning Development Curriculum Area to provide a more suitable environment for students with moderate learning difficulties and disabilities. Room alteration works have been carried out, including new more suitable lighting, painting and minor building works transforming it into a specific use classroom.

3.1.4 Rooms 108, the original Learning Development room and 106, a meeting room have been redeveloped into a new staff common room. This was planned in conjunction with staff input and developed to be a high-quality relaxing area with kitchen facilities, soft seating, decorated in a manner to be conducive to a positive relaxing atmosphere. Whilst these works were being carried out, a temporary alternate area and facilities were put in place over the summer.

3.1.5 There was work carried out in the Construction workshop block to build plastering booths for class use of “standardised dimensions” of specific areas to meet awarding bodies requirements. This is now fully operational.

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.

4.3 The College's new Mechanical Engineering contractor, Dalkia, is in place following an award through the tender process. Dalkia have already been on campus carrying out planned preventative maintenance as per our schedule as well as some reactive works. The College as per usual will monitoring their performance and they have been added t to the RAG review in Table 1. Note that Dalkia also provided a talk to all staff on the Staff Development Day on 15 August 2024 as part of the College's approach to sustainability.

4.4 Table 1: Service Providers

| RAG Rating | | Expense - Supplier | Progress to Green: Key Actions |
|--------------|--------------|---|--|
| Last Quarter | This Quarter | | |
| | | Gas - Supply – Total Gas | |
| N/A | | Gas - College Infrastructure – Dalkia | New contractor will be monitored, and review meetings are planned |
| | | Electricity – Supply – EDF | Monitor cost increases |
| | | Electricity – Feed in Tariff – Scottish Power | No Concerns |
| | | Electricity – College Infrastructure – | Electrical contractor in place and operational |
| | | Elevators - Kone, maintaining all five elevators | Excellent response times and experienced engineers. |
| N/A | | Mechanical & Ventilation – Dalkia | New contractor will be monitored, and review meetings are planned |
| | | Kitchen equipment, including refrigeration units – | Response time is as expected, some follow up repair calls have been needed but service is good |
| | | Water – Supply – Business Stream | There was a loss of provision for 1 day but did not impact the college due to being non term time. |
| N/A | | Water – College Infrastructure – Dalkia | New contractor will be monitored, and review meetings are planned |
| | | CCTV and associated systems | New temporary contractor in place for urgent works. Long term tender still being worked on. |
| | | Security Systems (Alarms) – Connolly Security Services | Continued concerns being dealt with, rating remains static for now. Contract going out to tender |
| | | Fire Systems – Connolly Security Services (Fire Division) | Continued concerns being dealt with, rating remains static for now. Contract going out to tender |
| | | Pest Control – Environmental Services Pest Control Ltd | Good service provision and very reactive. However, this is going out to tender |

| | | | |
|--|--|---|--|
| | | 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. Best performance provider |
| | | Ground’s maintenance – IPSUM | Service levels have fluctuated recently. Liaising with contractor to resolve. Heightened focus from FM dept. |

4.5 The Head of Facilities and the APUC Procurement staff member 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

5 SUSTAINABILITY

4.1 Table 2: Solar Panel Production

| Reporting Period | Construction Wing | Annex | Low Carbon House | Total Kwh |
|------------------|-------------------|-----------|------------------|-----------|
| 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 |
| Oct-Dec 2023 | 13132 | 671 | 140 | 13943 |
| Jan – Mar 2024 | 17133 | 971 | 176 | 18280 |
| Apr- Jun 2024 | 63,661 | 3,996 | 504 | 68,161 |

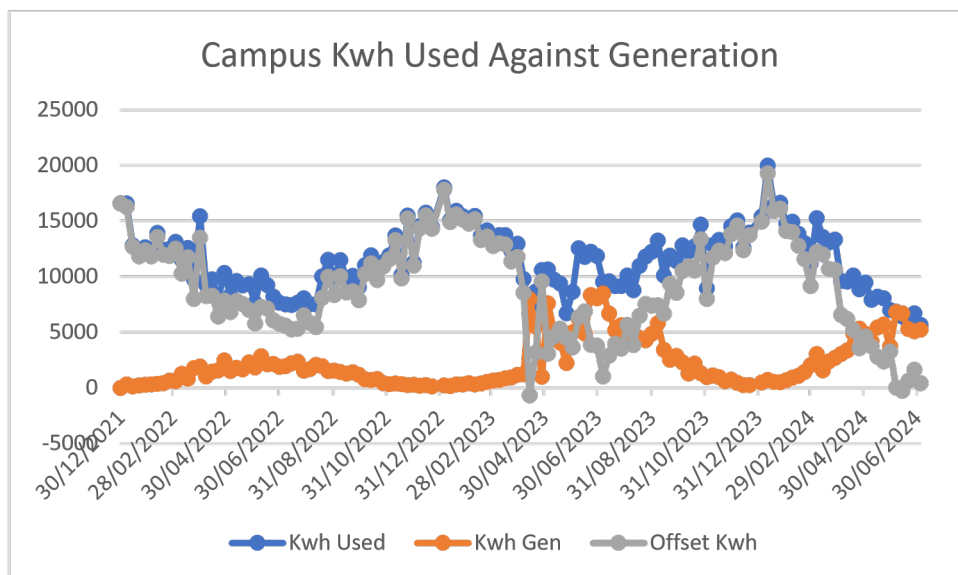
NOTE: Quarter year comparison is low due to a fault with one of our arrays. This has been fixed; however, the output will not have reached its full potential. In Addition, the solar PV invertor in the Annexe had to be replaced June 2023

5.2 The Solar Photovoltaics (PV) panel figures are as expected for this time of year, and this reporting period obviously sees an increase in generated hours due to the increase in daylight hours. It is a recommendation that the system on the south facing construction roof is cleaned regularly in order to increase performance.

5.3 To date the new installation has generated 187,769 Kwh and the total combined generation is 656,912 Kwh. In context, this is enough electricity to charge a Renault Zoe to travel. A 22Kwh charge will allow a Renault ZOE to travel 125Km. This will allow 8,534 charges allowing the vehicle to travel 1,066,869 Km. The circumference of the world = 40,075 Km = (26.6 times around the world) or 11,824,416 cups of Tea.

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

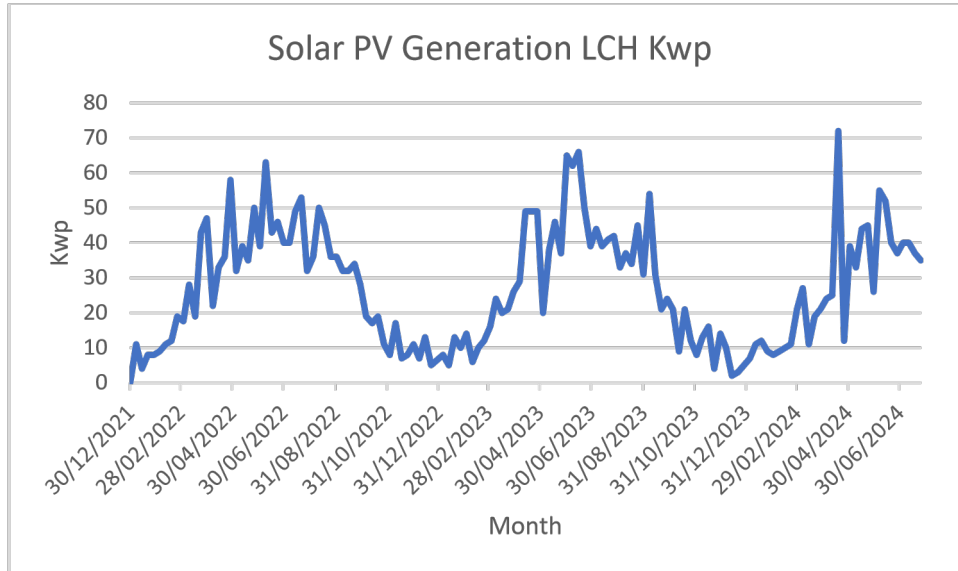
5.5 Chart 1: Electricity Generated by the College Against Usage



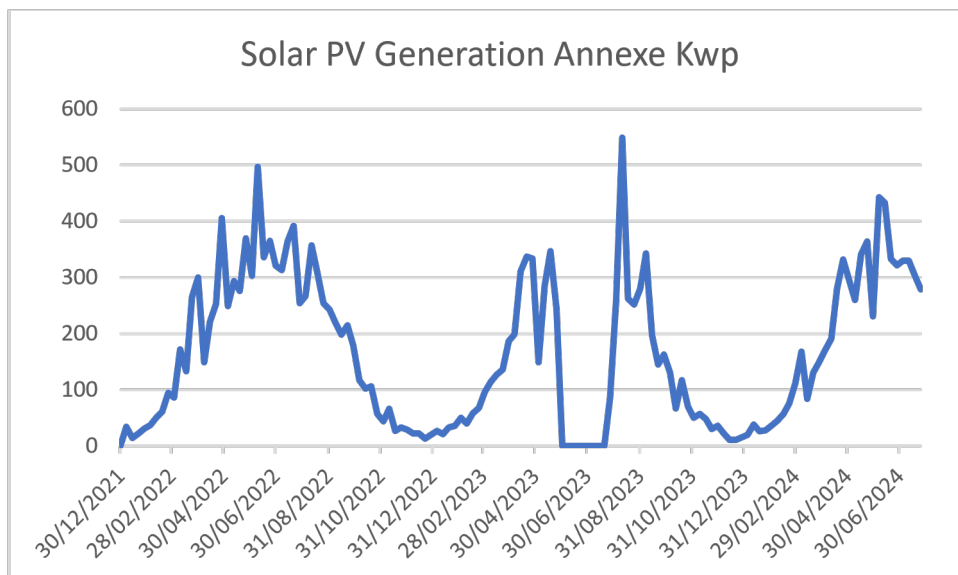
5.6 On the 13 June 2024, the College generated a surplus of 282Kwh. The annual generation of Electricity from the Solar PV will offset the Energy required to light the building all year. Measures are being investigated to further reduce all electricity consumption from centrally turning off computers and clever touch screens from our IT department and the newly appointed HVAC contractor (Dalkia) are in discussion with the facilities team to implement similar measures through the BMS system.

5.7 In addition, the new Climate Change Action Team (CCAT), which is supporting with the implementation of the College's Climate Change Action Plan, now has sixteen members and the first meeting took place on Thursday 22 August 2024, will also contribute ideas on how to further reduce our carbon footprint.

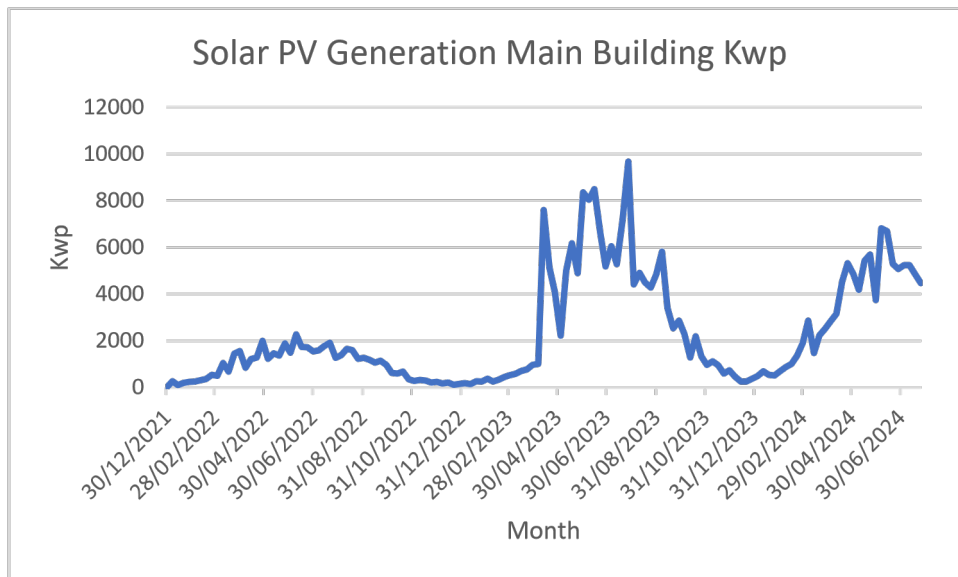
5.8 Chart 2: Solar PV for the Low Carbon House



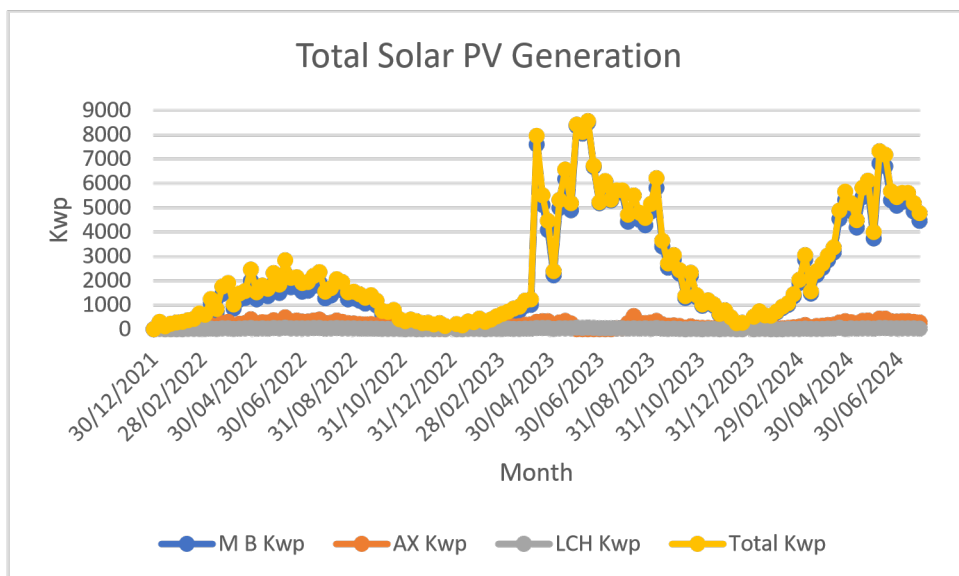
5.9 Chart 3: Solare PV for the Annex



5.10 *Chart 4: Solar PV Figures Main Building*



5.11 *Chart 5: Total Solar PV Figures Combined*

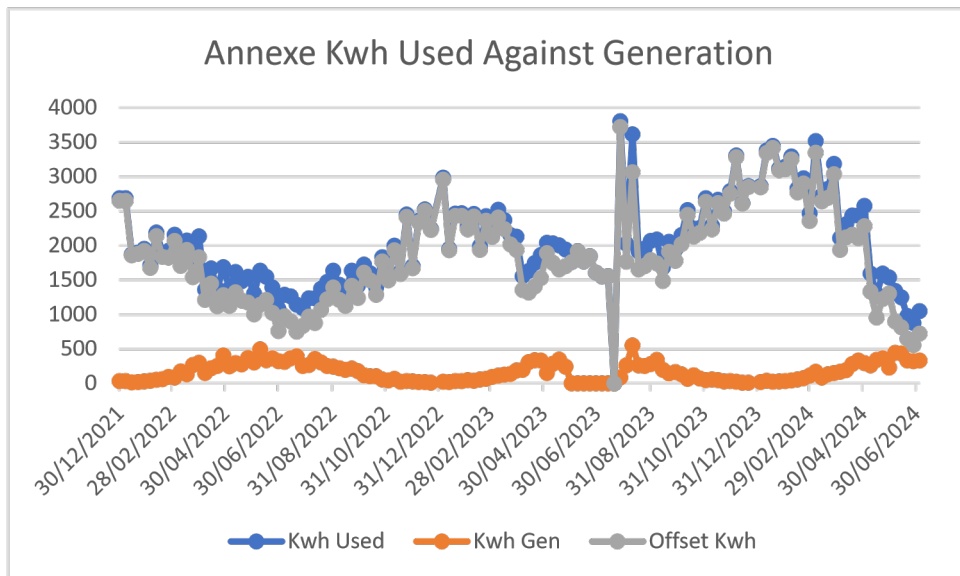


5.12 Charts 3 and 4 show how much of what the College has generated for the annex and the main building can be offset against what is actually used in these buildings.

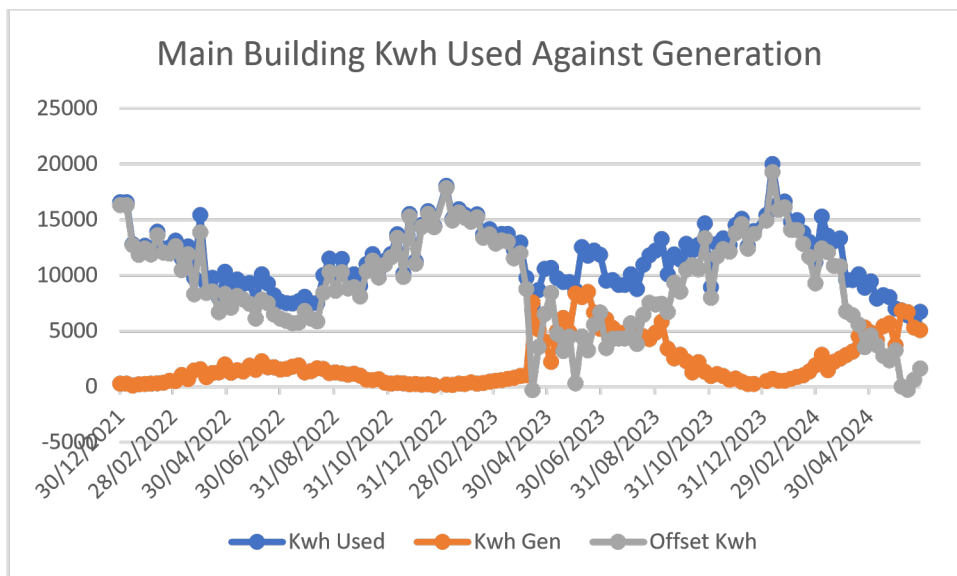
5.13 The installation of the new PV system has offset 187,769 Kwh and an annual saving of the LED lighting system 172,900 Kwh. This is evident with the downward recorded consumption data on the next few Graphs.

5.14 As can be seen from the graphs, in the summer months the gap between used and generated become closer due to less energy needed for heating, lighting etc and more energy being generated. In addition, there are also fewer people in the building resulting in less usage. In contrast the gap widens again during the autumn and winter period.

5.15 Chart 6: Annexe Kwh Used Against Generation



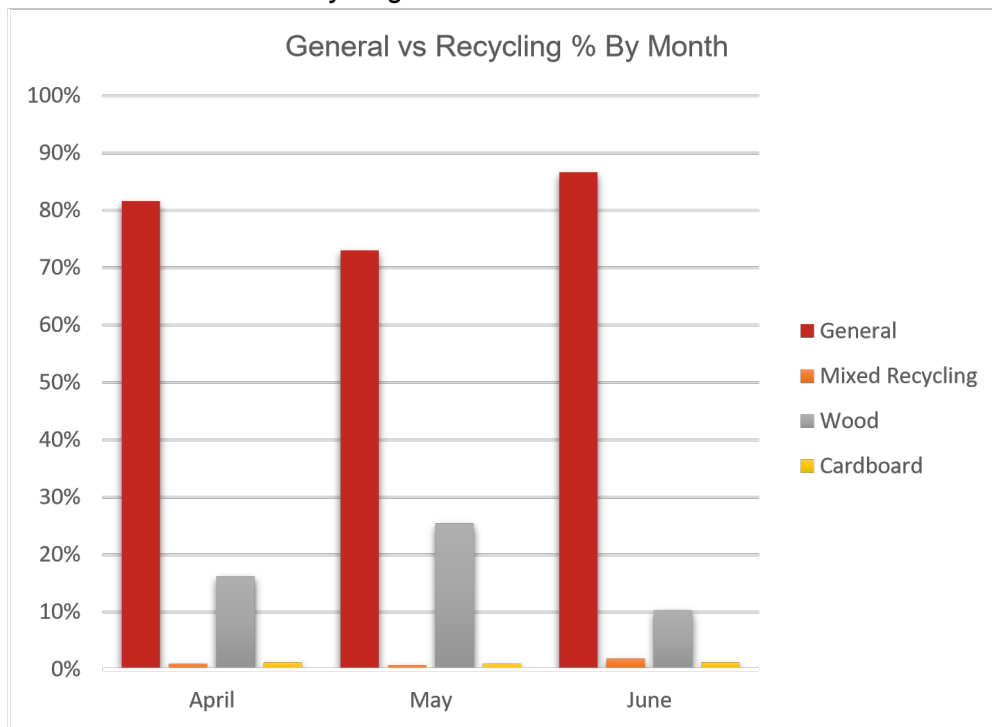
5.16 Chart 7: Main Building Kwh/p Used Against Generation



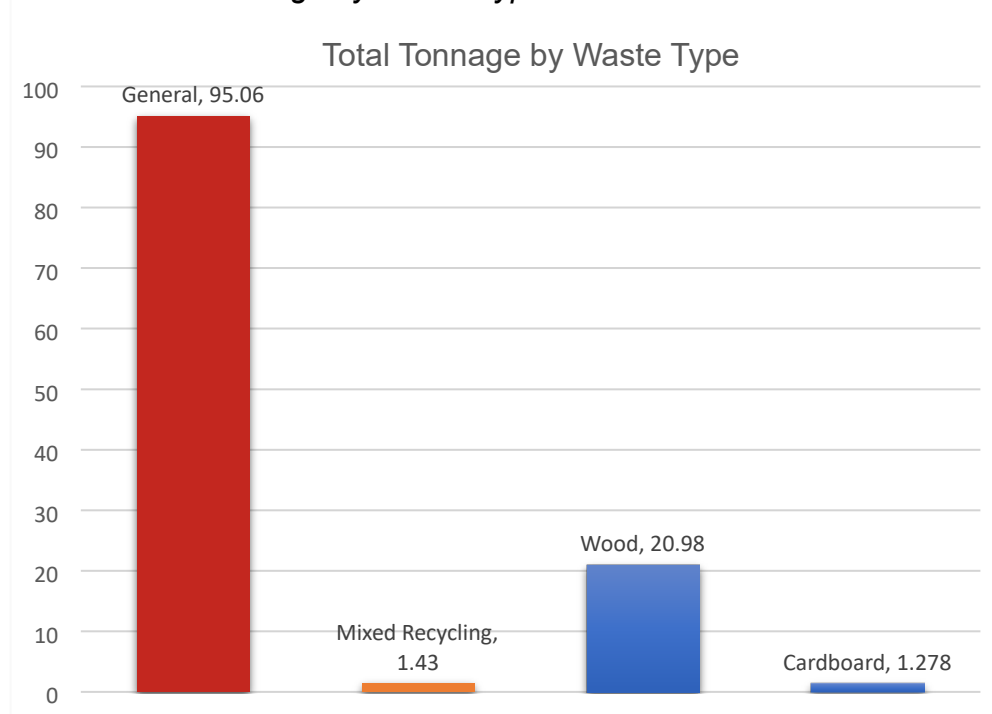
6 Waste

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



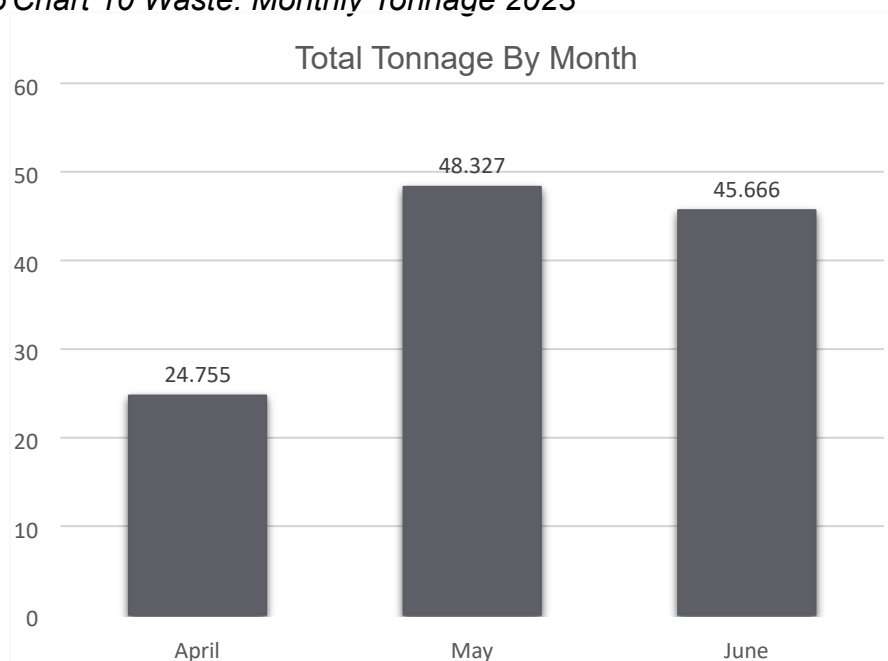
6.3 Chart 9: Total Tonnage by Waste Type



6.4 The general waste category continues to give some cause for concern. Note that since the last Committee meeting, the recycling bins have clear notices, this was

also disseminated at the all-staff conference on the 15 August 2024. The CCAT group has also been asked to target this as its first priority.

6.5 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

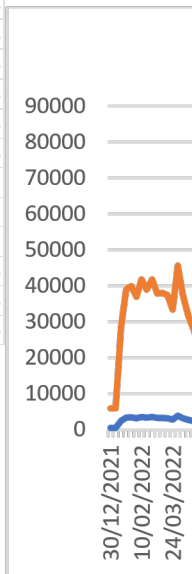
Finance and Resources Committee Estates Report Sept 2024 Energy Consumption- all Buildings

| Date | Usage in kWh | Movement over prior year quarter | Rolling Year | Movement over prior rolling year |
|--------------------------|--------------|----------------------------------|--------------|----------------------------------|
| Gas - kWh | | | | |
| 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 | 8 | 127% | 1,515,006 | -1% |
| Jul - Sep 2021 | 330,348 | -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% |
| Oct-Dec 2023 | 475,412 | 41% | 2,136,177 | 52% |
| Jan - Mar 2024 | 612,293 | -4% | 2,113,794 | 42% |
| Apr - June 2024 | 327,719 | -42% | 1,878,452 | 8% |
| Electricity - kWh | | | | |
| 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% |
| Oct-Dec 2023 | 156,521 | -11% | 693,153 | 8% |
| Jan - Mar 2024 | 191,510 | 1% | 695,521 | 10% |
| Apr - June 2024 | 104,669 | -50% | 590,641 | -17% |

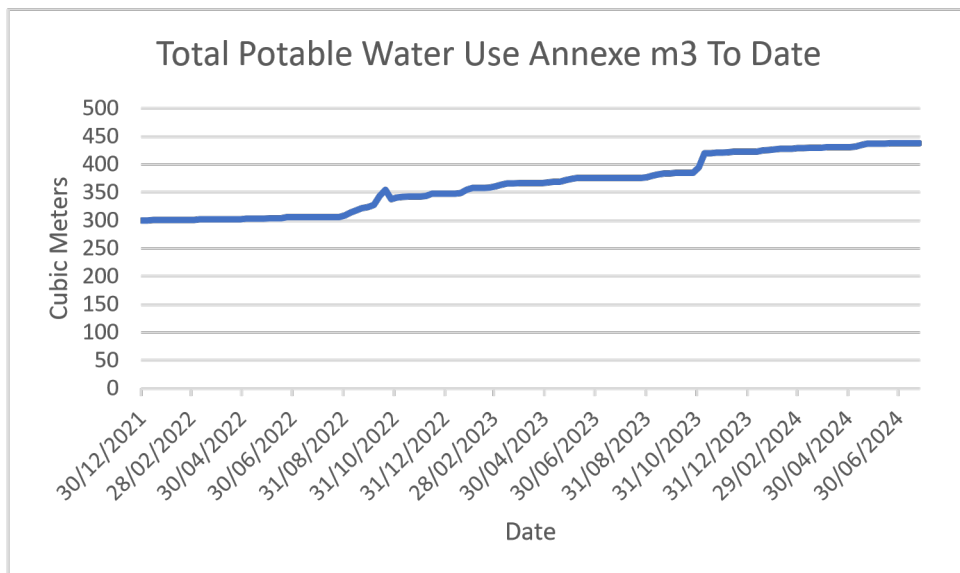
7.4
Chart
11:
Gas
Use
Main
Building

| Water Consumption - M ₃ | | | | |
|------------------------------------|-------------|----------------------------------|--------------|----------------------------------|
| | Usage in m3 | Movement over prior year quarter | Rolling Year | Movement over prior rolling year |
| 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% |
| Oct-Dec 2023 | 2,082 | -19.1 | 7,824 | -11% |
| Jan - Mar 2024 | 2,167 | 5.6 | 7,512 | -10% |
| Apr - June 2024 | 1,551 | 21.5 | 7,018 | -11% |



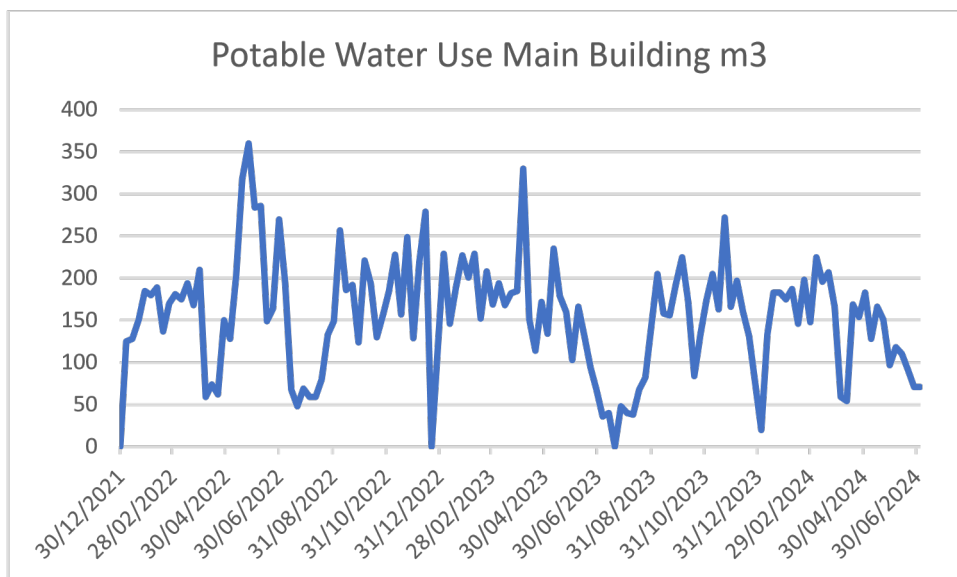
7.5 The ongoing challenge for the College will be to consider how it can reduce its energy consumption given the expected increase in energy bills over the autumn.

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. This figure is the total amount of water used since November 2015 (431,00 litres).

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 and it is ongoing with members being provided further updates.

8 RISK

- 8.1 That 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
- 8.3 That the College does not meet the decarbonisation target by 2040.

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 contents of this report including:
 - 10.1.1 the Scottish Funding Council Baseline College Infrastructure Survey;
 - 10.1.2 summer work undertaken by the Facilities Team;
 - 10.1.3 the Contract monitoring review; and
 - 10.1.4 the sustainability charts reporting on energy, waste, water and gas.



South
Lanarkshire
College

East Kilbride

FINANCE AND RESOURCES COMMITTEE

| | |
|-----------------------------|--|
| | 3 September 2024 |
| OF REPORT | Quarterly Update: Climate Change Action Team (CCAT) |
| ENCE | 06.5 |
| R AND CT DETAILS | Wilma MacLeod, Depute Head wilma.macleod@slc.ac.uk , Anne Doherty, Head of Alternative Funding anne.doherty@slc.ac.uk |
| SE: | To update members on the actions taken by Climate Change Action Team. |
| MENDATIONS/ ONS: | Members are asked to: <ul style="list-style-type: none">• note the on-going work across the College in supporting the delivery of 'net zero' targets; and• note the update on the CLIC project |
| | <ul style="list-style-type: none">• That the College does not take appropriate action to reduce its carbon footprint.• That staff and students are not educated and supported around climate change and the wider implications. |
| ANT STRATEGIC | <ul style="list-style-type: none">• Successful Students• The Highest Quality Education and Support• Sustainable Behaviours |

| | |
|----------------------|---|
| RY OF REPORT: | <ul style="list-style-type: none"> • As advised previously, the College has produced a Climate Change Emergency Action Plan (CEAP) to set out how the organisation aims to achieve net-zero climate emissions by 2045. • The ongoing work of the CCAT team has helped to educate the wider staff, most notably at the recent Staff Development Day through which the CCAT leads presented on 'sustainability'. • The establishment of effective partnerships with local businesses and the local authority continues to be fruitful, allowing events to support sustainability and climate change to be organised in collaboration with the College. • The Students' Association assists in the delivery of sustainability projects, particularly in respect of Climate Week scheduled for later in September 2024. • The College's involvement in the Innovate UK funded CLIC project, has given South Lanarkshire College the opportunity to become an Innovation Centre for Sustainable Development, focussed on the needs of the local business community, with support from stakeholders. |
|----------------------|---|

1. INTRODUCTION

1.1 This paper provides a quarterly progress update on the Climate Change Emergency Action Plan roll out (as led by the Climate Change Action Team) and the College's overall commitment to sustainability.

2 BACKGROUND

2.1 As advised previously, responding directly to stark warnings from the Intergovernmental Panel on Climate Change, the Scottish Government declared a climate emergency in 2019, and pledged to speed up efforts to achieve zero greenhouse gas emissions. Since then, Scotland's colleges and their boards have responded at individual institutional level by addressing a range of environmental issues.

2.2 Part of South Lanarkshire College's response to this has been to establish a Climate Change Action Team (CCAT) at the College to support with the roll out of the Action Plan. The Team is founded on the principles of the previously advised

'roadmap' for Colleges to have a strategic sector-wide approach to tackling the climate emergency.

2.3 The Climate Change Leads continue to lead efforts addressing climate change within the College and this paper sets out key plans and actions across all aspects of College life.

3 STAFF DEVELOPMENT DAY: THURSDAY 15 AUGUST 2024

3.1 The Climate Change Operational Leads presented the College's actions on sustainability. The presentation covered topics such as governance and leadership, external influencers, policies and touched on the College's sustainability journey to date.

3.2 The College invited two key stakeholders to present on ways in which the College can reduce its carbon footprint through our existing partnership. Aramark, our catering services provider and Dalkia, the College's Heating, Ventilation and Air Conditioning (HVAC) contractor, delivered insightful and thought-provoking slides and it is hoped that the College will collaborate well with both Aramark and Dalkia through regular dialogue across academic year 2024-25.

3.3 The overall feedback on the session from the staff was that they valued the update on what was being undertaken to support the College on its journey to 'net zero'. The presentations instilled accountability in everyone at the College to play their part in everyday actions such as waste management and water and energy reduction.

4 CCAT UPDATE

4.1 There has been an increase in colleague involvement in the CCAT team across the wider College community. The first meeting took place on Thursday 22 August 2024, where the team developed an ambitious programme of innovative ideas and clear actions aimed at promoting climate change initiatives within the College.

4.2 Whilst further discussions are required, some of the proposed ideas include carpooling, recycling aluminium cans, installing phone charging stations reducing energy consumption and developing strategies to minimise photocopying and printing, which was explored through an informative presentation by the Head of Management Information Systems (MIS) entitled "IT Sustainability".

4.3 During the current academic year, the Public Body Climate Change Report (PBCCR), which evaluates the College's capability and performance related to climate change, and the Heatworks: Building Assessment Report, which serves as a tool for owners of nondomestic buildings to assess their potential to connect to a heat work network, will be completed. These reports are mandatory and required to be submitted to the Scottish Government and Local Authority, respectively. In addition, the current CCEAP will be reviewed by the CCAT and the actions and progress updated.

5 PARTNERSHIP WORKING

5.1 A number of curriculum areas along with Alternative Funding have forged strong links with local businesses and third sector organisations for joint climate action involving both staff and students.

5.2 Our partnership through Lanarkshire Climate Change Action Network (LANCCAN) gives an invaluable insight into local initiatives taking place across Lanarkshire. The college benefits greatly, as it establishes contacts with third sector organisations with whom we could collaborate, adding value to the student and staff experience, while also exploring potential funding opportunities and contributing to our Climate Change Action Plan.

5.3 The Students' Association at the College continues to be an instrumental support in helping the College widen its scope in respect of environmental sustainability through effective and often student led initiatives. Funding has been secured from the LACCAN Festival Grant fund in July 2024 to set up a number of initiatives around Climate Week in September 2024, including a bike maintenance session with the Cycling Scientist, a litter picking session organised by the Student Association and a cookery session delivered by the Hospitality team in conjunction with the Student Association. The session is to be videoed for a wide reach to both staff and students. The funding was submitted on behalf of the Student Association through the South Lanarkshire College Foundation.

5.4 The College has also established strong links with South Lanarkshire Council in respect of its sustainable development and climate change endeavours. This is reflected at South Lanarkshire CPP meetings attended by various college staff members.

6 COLLEGE LOCAL INNOVATION CENTRES (CLIC) - INNOVATE UK

- 6.1 The Colleges Partnership West Group, the six colleges who are part of the Glasgow City Region, secured £1.6m to establish a network of six innovation centres across the region. South Lanarkshire College will become the Innovation Centre for Sustainable Development and will engage with local business support networks including South Lanarkshire Council Business Support team, Business Gateway and other key stakeholders in the innovation ecosystem. Funding is in place until 31 March 2025 and the College stands to recognise £197k of funding through its delivery of the programme.
- 6.2 Circa 200 businesses will engage via a web portal through a digital innovation maturity assessment and a programme of business engagement events and training programmes. Networking opportunities, exchange of good practice and knowledge transfer will be identified to foster a culture of innovation across the region, with a focus on sustainability to drive local businesses' efficiency, productivity and growth.

7 EQUALITIES

- 7.1 At this time, there are no new matters for people with protected characteristics which arise from consideration of the report.

8 RISK

- 8.1 The following risks apply:
- 8.2 That the College does not take appropriate action to reduce its carbon footprint;
- 8.3 That the CLIC project does not impact on the wider community; and
- 8.4 That staff and students are not educated and supported around climate change and the wider implications.

9 RECOMMENDATIONS

- 9.1 Members are recommended to:
- 9.1.1 note the on-going work across the College in supporting the delivery of 'net zero' targets; and
- 9.1.2 note the update on the CLIC project.

Finance and Resources Committee

| | |
|--|---|
| DATE | 3 September 2024 |
| TITLE OF REPORT | College Capital Expenditure Schedule |
| REFERENCE | 07.1 |
| AUTHOR AND CONTACT DETAILS | Bill McMahon – Management Accountant Bill.McMahon@slc.ac.uk |
| PURPOSE: | To present the schedule being maintained by the College in respect of its capital requirements |
| KEY RECOMMENDATIONS/ DECISIONS: | Members are asked to: <ul style="list-style-type: none"> • note the level of capital investment that has been incurred for the full year 2023-24 (not yet audited); • to note the College’s plan for capital expenditure in respect of 2024-25 |
| RISK | <ul style="list-style-type: none"> • That there are insufficient funds for capital project and maintenance requirements. • That there is an incorrect allocation of funding against repair or maintenance costs in 2024-25 which would be in breach of the SFC’s terms and conditions of funding. • That there is a lack of accuracy in the reporting of capital projects. |
| RELEVANT STRATEGIC AIM: | <ul style="list-style-type: none"> • The Highest Quality Education and Support • Sustainable Behaviours |
| SUMMARY OF REPORT: | <ul style="list-style-type: none"> • The College has already spent £958,254k on capital works in the 12 months to July 2024. • Quarterly capex meetings have reconvened to ensure appropriate allocation of the £850,260 SFC budget across 2024/25. • Key actions for the College over the next quarter include sourcing quotes for works, establishing a scope and specification for works in consultation with wider stakeholder groups across the College and consulting the Procurement Manager if any support is required via a formal tender process. • The College continues to monitor capital expenditure spend regularly to ensure that spend is fully utilised in line with the requirements of grant funding available. |

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 £958,254 in the year to 31 July 2024.

2.2 The Committee is asked to note that the final capital expenditure allocations are subject to confirmation and external audit next month and should be considered draft at this stage.

2.3 During the last quarter, the Finance team have reviewed the allocation of funding across all pipeline projects for 2023/24 to ensure the most effective use of SFC funds for priority works. This has resulted in the following pattern of expenditure as shown in table 1 below.

2.4 Table 1: Funding Available and Allocation

| Area | 2023/24 Allocation | 2023/24 Spend (draft) | Transfer between funds | Variance (under)/over spend |
|--|--------------------|-----------------------|------------------------|-----------------------------|
| SFC GIA Capital & Projects of £869,583 (75% capital related) | £652,187 | £647,925 | 4,262 | - |
| SFC GIA Digital Poverty | £81,234 | £81,234 | - | - |
| Arms-Length Foundation (Horticulture Garden) | £62,180 | £46,548 | - | (£15,632) |
| Scottish Government GPSEDS LED Lighting Project | £166,285 | £166,285 | - | - |

| | | | | |
|---------------------------------|-----------------|-----------------|----------|------------------|
| Scottish Water Aeration Project | £12,000 | £16,262 | (4.262) | - |
| TOTAL | £973,886 | £958,254 | - | (£15,632) |

2.5 The underspend of £15,632 in respect of the Horticulture Garden will be carried forward into 2024/25 as available funding to complete the works required.

3. CAPEX BUDGET 2024/25

3.1 SFC Funding for 2024/25 amounts to a total of £850,260, representing a shortfall of approximately £20k on 2023/24. The high-level budget is contained in Annex A.

3.2 While prior year funding allocations enabled a portion of funding to be offset against more routine maintenance costs through the income and expenditure account, the SFC have confirmed that capital funding must be used exclusively for the purchase of capital items in 2024-25.

3.3 Following approval of the 2024/25 budget by the Board of Management in June 2024, the College therefore commits to ensuring that capital projects allocated against specific tranches of funding are now progressed throughout the academic year.

3.4 To this end, the College has reconvened a quarterly CAPEX meeting with curriculum Heads, the Head of Facilities, the Head of MIS, the Management Accountant and the Procurement Manager.

3.5 The meeting held on 26 August 2024 noted several actions to be taken by budget holders including gathering quotes for proposed capital works and consulting with relevant stakeholders and groups cross-college that might be impacted by works required.

3.6 The Head of Facilities should be included in any consultations or decisions to ensure all wiring, cabling and structural works are done in accordance with Health & Safety legislation. Similarly, the Head of Management Information Systems (MIS) should be consulted in respect of any IT related infrastructure that would be required in respect of a significant reconfiguration of rooms within the College.

3.7 The Procurement Manager reminded the group to consider the initiation of a wider tender process for items of expenditure over £49,999.

3.8 The group also acknowledged that sustainability capital projects to renovate electric vehicle charging points, replace boilers and consider additional solar panels would require significant capital outlay. The College will await potential announcements of Scottish Government funding later this year in respect of any 'green' or 'energy efficiency' schemes and will actively look to source any additional funding to support with such projects across the year.

3.9 The Management Accountant suggested that all projects on the budget for 2024/25 be assigned a project code which would enable effective and accurate tracking of expenditure against budget.

4. RISKS AND ASSURANCES

4.1 The main risks are:

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

4.1.2 That there is an incorrect allocation of funding against repair or maintenance costs in 2024-25 which would be in breach of the SFC's terms and conditions of funding.

4.1.3 That there is a lack of accuracy in the reporting of capital projects.

4.2 However, 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 within the required timeframe.

5. EQUALITIES

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

6. RECOMMENDATIONS

Members are asked to:

6.1.1 note the level of capital investment that has been incurred for the full year 2023-24 (not yet audited);

6.1.2 to note the College's plan for capital expenditure in respect of 2024-25.

ANNEX A: CAPEX BUDGET 2024-25

| CAPEX 24-25 | | |
|---|---|----------------------|
| Curriculum Area | Requirement | Cost including VAT £ |
| Built Environment | Change of use for LG93, currently a Lab that sits in my curricular area. | 16,000.00 |
| Built Environment | Large Screen TV required | 3,000.00 |
| Built Environment | Plumbing area, depending on room given it may require changes to run curriculum. | 16,000.00 |
| Hairdressing, Beauty & Makeup Artistry | Hairdressing salons Backwashes in salon 220,222 & 226 need updated. | 10,000.00 |
| Life Sciences | Clever touch screen x 1. | 3,200.00 |
| Early Education and Childcare | Hard flooring in Childcare classrooms. | 10,000.00 |
| Early Education and Childcare | Outdoor Classroom. | 10,000.00 |
| Early Education and Childcare | Air Conditioning R130. | 10,000.00 |
| Business Management and Media | Dedicated room to create simulated Digital Media and IT Software | 30,000.00 |
| Health and Social Care | Lap top trolley (for 20 laptops). | 1,000.00 |
| Hospitality, Events, Police and Legal Studies | Re-fresh of Bistro area. | 7,000.00 |
| Wet Trades | Extend Plastering Skills Test bays. | 5,000.00 |
| Facilities | Cladding repairs | 40,000.00 |
| Facilities | Access Control - initial capital outlay | 100,000.00 |
| Facilities | Install, commission and training of staff of Computer Aided Facilities Management System (5 Licences) | 5,000.00 |
| Facilities | Canteen investment | 50,000.00 |
| HR | Office Reconfigurations (HR, Principalship, Support Areas) | 95,000.00 |
| MIS | Student Records System - additional spend for 24/25 estimate | 140,000.00 |

| | | |
|--------------|--|-------------------|
| MIS | MIS IT Spend 2024/25 | 169,560.00 |
| Contingency | e.g. boilers/burners/re-tarmac of car park/revolving front door/Finance System | 129,500.00 |
| TOTAL | | 850,260.00 |