

**Minute of the Board of Management Meeting
Held in the Ayr Campus (Room L111) on
Thursday 14 December 2017**

(Paper 1)

Present: Willie Mackie (Chair)
Nicki Beveridge
Margarette Bryan
Heather Dunk
Fiona Fawdry
Gordon James
Alan McGregor
Lainey McKinlay
Lora Miller
Juliana Pyper-McFarland
Marri Welsh

In attendance: Michael Breen
Jackie Galbraith
Jane McKie
James Thomson
Eleanor O'nions (Executive Assistant)

1 Welcome

The Chair welcomed everyone to the meeting.

2 Apologies

Apologies were received from Board Members, Julie Bradley, Bill Costley Barbara Graham, Douglas Mclvor, Alan Walker and Tom Wallace, and EMT member Donna Vallance.

3 Declarations of Interest

There were no declarations of interest.

4 Student Association Report *(Paper 2)*

L McKinlay highlighted for Board members, the Executive Committee Elections and confirmed that eight out of nine positions had now been filled and that the only remaining vacancy was the BME Student's Officer.

The Board did not raise any questions and acknowledged the work of the Student Association in the paper and commended the breadth of the ACSA report.

5 Chairs Report

The Chair reported on matters pertinent to the Board since its previous meeting including:

- The multiple awards received by the College and the unprecedented success of staff and students and said it was most inspiring.
- The College Development Network Awards, which were attended by the Minister for Further Education and Higher Education and Science and he noted the very positive comments from the Minister about Ayrshire College.
- The extremely positive feedback following the Employer STEM themed dinner held on 7 November in Kilmarnock.
- The Chair noted the thanks of the Board to the hospitality staff and students for their excellent service during the recent Board of Management dinner in the new INVER restaurant on Ayr campus.
- The Chair updated the Board on the meeting held on 30 October of Regional Chairs and representatives of the Scottish Government held at Colleges Scotland.

6 Minutes of the Ayrshire College Board Meeting held on 28 September 2017 (Paper 1)

The minutes of the meeting held on 28 September 2017 were approved as a correct record.

Proposed: G James, Seconded: L McKinlay

Matters Arising

There were no matters arising not otherwise included on the agenda from the disclosable part of the minute.

7 Revised Ayrshire College Constitution and Standing Orders (Paper 3)

W Mackie, in the absence of the Board Secretary, introduced the revised Ayrshire College Constitution and Standing Orders and noted that this had been a significant piece of work which had been outlined to Board Members at the recent Board Development Day held in November. W Mackie noted that the document was presented for final approval, noting the following amendments:

1. The College ability to borrow
2. Director Indemnity

M Breen confirmed that he would provide the Board Secretary with the wording from the Scottish Funding Council Financial Memorandum on borrowing power

for inclusion within an updated document. M Breen also confirmed that the Board of Management will, under existing arrangements have indemnity cover, although the sector is currently preparing a case to continue commercial insurance beyond July 2018.

3. Dismissal of Board Members

B Graham had provided comments prior to this meeting, that the good governance guide required to be followed and there should be absolute clarity regarding this point.

N Beveridge suggested that the Terms of Reference for the Board of Management be updated to reflect that part of the Chair's role should include mentoring objectives, both from a Committee perspective and Board perspective.

The Board approved the revised Ayrshire College Constitution and Standing Orders.

Action: That the Terms of Reference for the Board of Management and Committees be updated as noted above by the Board Secretary.

8 Statutory Financial Statements 2016-17

- **2016-17 Annual Financial Statements** (*Paper 4*)

N Beveridge, as Vice Chair of Business Resource and Infrastructure Committee (BRIC), introduced the Annual Financial Statements. The statements had been discussed by BRIC on 14 November 2016 and approved for forwarding to the Board, subject to the finalisation of the external audit.

The paper sets out information on the College during the financial year 2016-17. It contains a performance report, accountability report, remuneration report and the independent auditors' report to the Board of Management and Auditor General. These sections are in line with the accounts direction from the Scottish Funding Council.

The Financial Statements showed that the total deficit for the year to 31 July 2017 was (£2.741m). This was made up of recurring items totalling £1.472m and exceptional items of £1.269m.

The College's tangible fixed assets had increased by £50.395m (primarily due to the inclusion of the new Hill Street campus). The College had a net reduction in cash of (£0.480m) and the deficit on the income and expenditure reserve as at 31 July 2017 is (£7.281m).

The PFI contract and the impact of nationally agreed staff costs continue to impact adversely on the College's financial position. The Financial Statements were prepared on a going concern basis. Unless the PFI

payments are funded for interest and principal from the Scottish Funding Council, there is a risk that the financial statements may not be prepared on a going concern basis after 2017-18.

The Board approved the Financial Statements for signature by the Chair and the Principal.

The Chair thanked and congratulated the College Finance Team for their professionalism and excellent work. The Board commended the stewardship of the Vice Principal Finance and Skills and the work of the Director of Finance and Student Funding and the Head of Financial Services in completing the Financial Statements.

- **Annual Report to the Board of Management and Auditor General** (*Paper 5*)

G James, as Vice Chair of the Audit Committee, introduced the Annual Report by Mazars.

Mazars' report states that the financial statements give a true and fair view and that they have been properly prepared in line with the relevant guidance. In all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued.

The annual report and accounts are unqualified.

G James noted that the report had been considered by the Audit Committee and approved for forwarding to the Board for consideration and approval.

The Board approved the Annual Report to the Board of Management and Auditor General.

- **Letter of Representation** (*Paper 6*)

G James introduced the draft Letter of Representation. The draft Letter of Representation was approved by the Audit Committee on 5 December 2017, subject to a requested amendment from the Committee of a further sentence in relation to the Pfl.

G James tabled a new proposal regarding the draft Letter of Representation. This proposal was the letter should be amended to reflect concerns some members had about the College being reported as going concern beyond 2017-18 in light of the financial pressures, the substance of which related to the assurances within the Letter of Representation for 12 months within the signing date as opposed to the academic year and date of July 2017.

The Vice Principal Finance and Skills proposed that the Letter of Representation be amended to include the following paragraph:

“We confirm that, in our opinion, the College is a going concern on the grounds that current sources of funding or support are adequate for the College’s needs. We have considered a period of twelve months from the date of approval of the financial statements. We believe that no further disclosures relating to the College’s ability to continue as a going concern, other than those disclosures made regarding the financial sustainability of the College’s PFI repayments need to be made in the financial statements”.

The revised wording was approved by the Board.

The Letter of Representation was approved for signature by the Chair and the Principal, subject to the above amendment.

- **Scott Moncrieff Annual Audit Report (Papers 7.1 and 7.2)**

G James proposed acceptance of the Annual Internal Audit Report which had been considered by the Audit Committee and commended to the Board for approval.

The Board welcomed and approved the Annual Internal Audit Report prepared by Scott-Moncrieff.

- **2016-17 Audit Committee Annual Report (Paper 8)**

G James introduced the Audit Committee Annual Report for 2016-17. The report sets out the work undertaken by the Audit Committee during 2016-17 and confirms that the Committee has fulfilled its terms of reference as delegated by the Board of Management.

The Audit Committee Annual Report was welcomed and approved by the Board.

9 2016-17 Health, Safety and Wellbeing Annual Report (Paper 9)

N Beveridge, as Vice Chair of the Business, Resource and Infrastructure Committee (BRIC), introduced Paper 9. N Beveridge explained to the Board that further narrative had been added regarding the reporting of accidents. N Beveridge commended it to the Board for approval stated that BRIC Committee had fully considered the report and believed there were no issues that required to be highlighted.

Questions were asked by members and satisfactory responses received.

The Board of Management welcomed and approved the above report.

10 Evaluative Report and Enhancement Plan (Paper 10)

In the absence of B Graham, J Galbraith provided the Board with an update on the Evaluative Report and Enhancement Plan. J Galbraith explained that the overall feedback from Education Scotland at the recent Endorsement meeting had been very positive, however, some amendments would be made to the overall report following feedback provided by Education Scotland at the meeting. H Dunk noted that she had raised a concern with Education Scotland that the timing of the report did not meet with the Board and Committee schedule.

W Mackie commended the quality and narrative contained within the report and thanked J Galbraith and her team, and the curriculum and service teams who had contributed.

W Mackie stated that he would forward a copy of the Evaluative Report and Enhancement Plan to the Minister for Further Education, Higher Education and Science, Shirley-Anne Somerville.

11 2017-18 Ayrshire College Risk Register at November 2017 (Paper 11)

G James introduced the 2017-18 Risk Register.

The Risk Register had been reviewed by the Audit Committee and approved for forwarding to the Board for consideration and approval.

The Board approved the 2017-18 Ayrshire College Risk Register at November 2017.

12 Pfl Update (Verbal)

H Dunk updated the Board on the ongoing discussions with the Scottish Funding Council (SFC) and the Scottish Government regarding the Pfl payments in respect of Kilwinning Campus and their serious impact on the financial position and underlying sustainability of the College. H Dunk advised that the Scottish Government Draft Budget is due to be announced today (14 December) and will be reviewed by the Director of Finance and an update provided should the level of detail allow.

It was agreed that the Director of Finance would complete a high level summary of the draft budget for information for the Board.

13 National Bargaining Update (Verbal)

H Dunk provided the Board with an update on National Bargaining.

The Board noted the National Bargaining Update.

14 Committee Chairs Report

The Committee Chairs provided verbal reports on the matters considered by the Committees since the last meeting of the Board and not already dealt with under the agenda for this meeting. The confirmed minutes of these meetings would be received by the Board at its next meeting.

All of the Chairs reports were noted by the Board.

16 Standing Committee Minutes

The following confirmed Standing Committee Minutes were received by the Board:

- **Learning and Teaching Committee:**
 - **7 September 2017** (*Paper 13*)
- **Business, Resources & Infrastructure Committee:**
 - **12 September 2017** (*Paper 14*)
- **Audit Committee**
 - **19 September 2017** (*Paper 15*)

AOB

N Beveridge reported the following items:

1. The credit position for 2016-17 has been confirmed by the Scottish Funding Council and as the College had marginally exceeded the SFC target it was noted that there will be no 'clawback' of funds.
2. The Management Accounts to September 2017 were presented. However, it was noted that this was very early in the financial year to draw significant conclusions or trends.
3. Workforce Planning – N Beveridge explained that this was completed by the College through the Curriculum Delivery Plan, however there was now a national initiative. The College would complete a robust proposal on the basis of the national guidance template.
4. The EMT were reviewing potential options for the relocation of the Nethermain position.
5. The new Human Resources system had been in operation for some months and this was proving to be a very effective tool for the College.

W Mackie raised the following items:

1. A meeting was held with the North Ayrshire Council Chief Executive and elected members for the Kilwinning area in Kilwinning campus on 13 December. W Mackie thanked M Breen and his team for their excellent presentation and noted that it demonstrated the diversity of curriculum delivered within North Ayrshire. A further meeting had been arranged with all NAC elected members in the new year.
2. W Mackie confirmed that H Dunk had written to the Chief Executive of the Scottish Funding Council regarding the proceeds received recently from the sale of The Craig campus

17 Date of Next Meeting: Thursday 29 March 2018 at 4.00 pm, Kilmarnock Campus.

Reserved items on next page