

Finance Development Network Steering Group Meeting
Friday 7 September 2018
College Development Network, Airthrey Castle, Stirling

AGENDA v2

Item	Lead	Paper
1. Welcome and Apologies (GW, JT, IC, AR)	ST	Verbal
2. CITB Contract Update & Costings <ul style="list-style-type: none"> Jennifer Tempany, Forth Valley College 	ST	Verbal
3. Previous Meetings Friday 3 August 2018: <ul style="list-style-type: none"> Notes of Meetings Rolling Actions Matters Arising <ul style="list-style-type: none"> Early Retirement Provision 	ST ST ST ST	Paper 3.1 Paper 3.2 Verbal
4. SFC Update	LMacD / AM	Verbal
5. Constitution	ST	Paper 5.1
6. Events <ul style="list-style-type: none"> 6.1. May 2108 Conference Report 6.2. November 2018 Event, Draft Schedule 	KH KH	Paper 6.1 Paper 6.2
7. Feedback from other groups <ul style="list-style-type: none"> 7.1. Funding and Finance Committee (<i>including the Flexible Workforce Development Fund</i>) 7.2. Capital Working Group 7.3. Procurement Strategy Group (PSG) 7.4. HPDF 	AW PS TE JK	All verbal updates unless otherwise stated
8. National Bargaining	ST	Verbal
9. AOB <ul style="list-style-type: none"> 9.1. Librarian Development Network Event 	ST	Verbal
10. Date of Next Meeting: <ul style="list-style-type: none"> Friday 5 October, CDN, Stirling 	ST	Verbal
Close		

Future meetings/events:

Type	Date	Location	Attendance
Meeting	Friday 5 October 18	CDN, Stirling	
Meeting	Friday 2 November 18	CDN, Stirling	SFC: Andrew, Lorna
Event	Friday 9 November 18	College's Scotland, Stirling	

**Minutes of CDN Finance Development Network Steering Group
Friday 7 September 2018**

Present

Stuart Thompson (ST) (Chair)	Jennifer McLaren (JMCL)
Susan Dunsmuir (SD)	Andrea Saunders (AS)
Tracy Elliott (TE) * VC attendance	Pete Smith (PS)
Brian Ferguson (BF)	Alison Stewart (AS)
Jim Kirkwood (JK)	Andy Witty (AWTY, CS)
Nicola McCallum (NMCC, CS)	

In Attendance

Michelle Brand (CDN)	Jennifer Tempany (JT) * item 2
Andrew Miller (AM, SFC) *item 4	Karen Hunter (KH)
Lorna MacDonald (LM, SFC) * item 4	Alan Williamson (AWL)

Apologies

Iain Clark (IC) (Joint Vice Chair)	James Thomson (JT)
Alan Ritchie (AR) (Joint Vice Chair)	Gayle Watson (GW, CDN)

1. Welcome and Apologies

Agenda Item: 1 | Paper No: Verbal | Lead: Stuart Thompson

ST welcomed members and JT to the meeting and apologies were noted as above.

2. CITB Contract Update and Costings

Agenda Item: 1 | Paper No: Verbal | Lead: Jennifer Tempany

JT delivered a presentation on the work of the College Practitioners Group. JT will be attending the CPG on Monday 10 September, to update the Principal's and provide them with a financial position on the CITB contract. It was previously agreed that a business model was required to establish whether the CITB contract is viable or not.

As of August 2017, the framework changed: to now include the skills test. The offer from CITB of a 14% increase in payment effectively covers only the cost of the skills test therefore no additionality.

The modelling is based on the following assumptions:

- class group of 14;
- perfect model where everyone achieves;
- based on 12 on-site assessments over the 4-year; and
- use of assessors not lecturers for on-site assessments.

Carrying out the skills-testing as required would result in the colleges being significantly disadvantaged. Some colleges are managing agents, and directly contract with SDS; these colleges are not disadvantaged financially.

From the money allocated to this work on 25% comes directly to the college sector with the remaining 75% staying with CITB. If colleges were to act as managing agents, they would receive the full 100% (£8,500).

CITB dispute that 12 assessments are necessary stating that only 1 on site assessment (in 4 years) is all that is required. The 14% increase offered is based on their assumption of only 1 on site assessment; stating that colleges are over assessing by wanting to assess 12 times during the 4-year period. SQA have now commented that they do not believe 1 assessment is enough and colleges should deliver the skills-testing. The 14% is front loaded, it is over the term of the 4 years of the contract, if a student does not complete then the college does not get the end loaded monies and will have already paid out for skills-testing during the period.

The proposal is to:

- **pause on the role out of the VQ framework until next year;**
- **deliver for the 17/18 18/19 cohort what we used to deliver; and**
- **apply to become a managing agent.**

If this was adopted the money that would come directly from SDS would pay for the role-out and cost of the new framework.

Some larger conversations need to be had as to why a lot of public money is going to private training providers and not directly to the upskilling of students.

AWTY added that CITB are willing to consider a pause, took a call earlier to suggesting a pause until 19/20. The pause will help to alleviate the immediate pressure and if the direction of travel is for colleges to act as managing agents we will need backing and firm direction from CPG on Monday.

The college sector needs to stay together on this matter and potentially share assessors to deliver successfully across the country. The sharing of resources will be the only way all colleges can manage this change.

AWTY advised that the Development Directors and HR are aware of the potential impact of TUPE as CITB are stating that the colleges if they became managing agents would be required to TUPE over their staff.

ST requested within the proposals to the CPG should be the 2016/17 model keeping the contractual minimum of 12 remains.

Actions / Decisions:

- 2.1 JT to share the presentation electronically with the FDN.**
- 2.2 ST requested within the proposals to the CPG should be the 2016/17 model keeping the contractual minimum of 12 remains.**

3. Previous Meetings Friday 3 August 2018

3.1 Notes of meetings

Agenda Item: 3 | Paper 3.1 | Lead: Stuart Thompson

The notes of the meetings of Friday 3 August 2018 were agreed as accurate with only 1 minor amendment.

3.2 Rolling Action Points

Agenda Item: 3 | Paper 3.2 | Lead: Stuart Thompson

The rolling actions were updated during the meeting.

3.3 Matters Arising

There were no matters arising.

4. SFC Update

Agenda Item: 3 | Verbal | Lead: Andrew Miller | Lorna MacDonald

Andrew Miller – Accounts direction

Issued July 2018 and subsequently issued to each strategic body, more detail on the underlying adjusted calculation and TU facility time legislation included a template for stating compliance to the Code of Governance. ST explained the main issue in relation to the Early Retirement Provision was an overlap with FFR and to ensure we have the same understanding and be clear what we do with ERP. ST mentioned that this year's pension actuarial report look like there is a marked improvement.

AM confirmed what is in the account's direction is what should be applied and used with the FFR regardless of the wording being slightly different. BF 'unfunded payments' are treated as a deduction, AM agreed to check this understanding and report back.

SFC to provide examples of disclosures from SFC accounts, and other published accounts, of disclosures on 'environmental matters' and 'other employee matters' (new FReM requirements).

Members of the steering group asked for feedback around the Efficient Government Return. LM confirmed all returns have been received for 2016/17, the combined university and college figure is £104m (80/24) split (universities/colleges). SD would like to have feedback on our individual returns. **Members asked for clarification on:**

- **what is the % of efficiency measured against, is it only SFC funding?**
- **3% of what?**

BF has asked this before and nobody has answered. Student Support goes up by inflation and is a commitment which you cannot build efficiency into. The Scottish Government need to get this clear message and therefore efficiencies should be built around the teaching grant only

The steering group discussed the 3% in-year efficiency savings and the view that in-year savings are now expected to fund the cost of living expenses. The steering group do not view this as being sustainable. LM noted this is the environment we are working within and it is captured in the spending submission tendered to Colleges Scotland.

LM advised the steering group that further guidance is due out on Monday 10 September about 'Early Learning Childcare', this should be a positive change. ELC is a First Minister commitment and this is the reason it has taken so long to come out. LM confirmed that colleges should still plan for 2018/19 on the basis it will remain a priority.

WFDF the allocation remains the same and colleges will shortly receive letters on 2017/18 position and can review the activity to tie it into the FES data. This will allow better understanding of how this has been used across the sector. In 2017/18 the sector committed approx. £6m from the £10m available. If an institution has drawn down more than they have used it will be corrected. LM advised the steering group there is potential for institutions to receive more in 2018/19 if they have delivered more; but similarly, if a college has undelivered they will have this money clawed back.

The expectation at this time is that it will come off a profile-payment that is due for 2018/19. They are applying a waiting list concept to allow colleges who have delivered more than drawn down can potentially claim more. Sharon Drysdale (SDr) is the policy lead for this. Fife exceeded their draw down last year and are looking to re-engage with companies again next year. However, they have not been allocated any more than last year so how do they engage and pay £15k per company when not allocated any additional money? Last year we were only paying companies £10k.

Future in-year re-purposing of funds to help colleges who are over delivering. Fife and Forth Valley were the only 2 colleges within the sector to exceed their allocation in 2017/18

LM explained that there was a need for more periodic updates to allow SFC to communicate more effectively with the ministers. No longer in a pilot year.

LM updated the steering group that the Scottish Government will want to report on Capital Maintenance to see what has been captured; however, there is no return date for this report at this time.

LM asked, would capital maintenance spend be on track by the end of March? If a college procures and commits to the work before the end of March can the work be carried out during the summer when there are less staff and student about? LM will continue in the narrative that if it is not spent it will be committed before end of March but hopefully not the full amount. **SFC to check whether commitment to spend very high priority maintenance funds is enough to meet 31 March 2019 deadline.**

Actions / Decisions:

- 4.1 **AM confirmed what is in the account's direction is what should be applied and used with the FFR regardless of the wording being slightly different. BF 'unfunded payments' are treated as a deduction, AM agreed to check this understanding and report back.**
- 4.2 **SFC to provide examples of disclosures from SFC accounts, and other published accounts, of disclosures on 'environmental matters' and 'other employee matters' (new FReM requirements).**
- 4.3 **SFC to provide clarification on: what is the % of efficiency measured against? Is it only SFC funding? 3% of what?**
- 4.4 **SFC to check whether commitment to spend very high priority maintenance funds is enough to meet 31 March 2019 deadline.**

5. Constitution

Agenda Item: 4 | Paper No: 4.1 | Lead: Stuart Thompson

The Committee agreed it needed a remit of the group rather than a constitution; and slight amendments have been suggested. The final version will be re-circulated to the group for consideration.

Actions / Decisions:

- 5.1 **New remit for the group to be prepared and circulated.**

6. Events

Agenda Item: 6 | Paper No: 6.1 | Lead: Stuart Thompson (in the absence of AR)

ST presented the paper in the absence of AR. The Autumn event has now been agreed to be **2 November 2018** and this will take the place of the steering group meeting scheduled for that date.

Consideration of the venues for the event in May 2019 were discussed and it was agreed that the group would progress discussions with:

- Dalmahoy
- Airth
- Westerwood

The steering group are happy to go for Dalmahoy unless any significant difference when the final package is reviewed. Progress to full quotes with the top 3 options as noted above.

Actions / Decisions:

6.1 Agreed new date for November event – 2 November 2018

6.2 For the event in May 2019, progress top three venues for full quotes but the steering group favoured Dalmahoy unless there were any significant difference when the final packages are reviewed.

7. Feedback from other groups

Agenda Item: 7 | Verbal | Andy Witty

7.1 Funding and Finance Committee (*including the Flexible Workforce Development Fund*)

£1.3m funding this year allocated to 'Period Poverty' but will move to £1.8m over full year allocation for next year.

ELC has already been covered by SFC during item 4.

Simplified Funding Model a further meeting of the College Funding Group. They have broad agreement on keeping the volume cost basis. Some initial modelling has been done by SFC to spread the annual national bargaining cost of £49m across each 5 price groups this will result in some colleges requiring mitigation. SFC have been asked to do further modelling and report back. Within the modelling work there must be consideration given to 'part-time' and 'rural' groupings. The next meeting will be early November. Following this meeting the group will circulate the outcomes to input feedback from Scottish Government back into the modelling.

SFC have put down a marker that this is not a review looking to create a new funding model, the underlying principle of the model will be the same; but refinement of the detail is what will be considered in this modelling exercise. SFC would like to have an agreed model next year (2019/20). 2022/23 for full implementation of the model.

Discussion around in-year clawback to encourage colleges to come earlier about shortfall of credit delivery. Consideration to split the clawback 50/50 between college losing credits and college gaining with consideration to spreading the clawback for the giving up college over more than one year. **The steering group are asked to feedback any comments to AWTY.** Calling it a 'redistribution model' to create a more open and transparent model that does not overly penalise the college which has already undelivered.

PS it would be helpful at the Demographic meeting if discussion around redistribution, where the gaining college would be considered for additional growth the following year.

ST the potential 50/50 redistribution of funding is still being discussed, FDN to feedback directly to AWTY any comments around the split.

The group discussed a model for funding a college after failure to meet its credit target; and agreed this should not be carried forward into the following years grant.

Actions/Decisions

7.1.1 ST the potential 50/50 redistribution of funding is still being discussed, – FDN to feedback directly to AWTY any comments around the split.

7.1.2 This will be added to the October steering group agenda for further discussion.

7.2 Capital Working Group

The SFC board met 6 September and AM is awaiting feedback. The Capital Prioritisation Report was submitted but no further information has been received. It was noted that the condition of buildings is a key benefit and would strengthen the case for new development strategic case. Another meeting will be arranged to discuss this further once feedback has been received.

7.3 Procurement Strategy Group (PSG)

Neither TE or BF attended the last meeting; nothing of financial interest to report.

7.4 HPDF

Latest quarter finished, and only 2 applications were received. The fund will open again shortly for the next round of funding which will increase and be extended to include procurement staff who wish to complete a higher qualification. This fund can also be used to fund conference attendance at the 5 main events.

7.5 Commercial Income

The Scottish Government via the Colleges Strategic Futures group discussed commercial income and what is the capacity of the sector to increase this income? An initial meeting was held and current structures and how this is handled in sector at moment were the main points for discussion. **CS will issue survey monkey questionnaire around the findings from this meeting.** ST attended the meeting and updated the group that one of main issues highlighted were the inconsistencies with reporting and the definition of 'commercial income'; therefore, it was difficult to make comparisons.

Questions raised:

- What is 'other income'?
- What is the definition of 'commercial income' for the accounts?
- True commercial income is not great across the sector and is not going to help similar as flat-cash.

8 National Bargaining

Agenda Item: 8 | Verbal | Lead: Stuart Thompson

ST gave an overview of the current position in relation to national bargaining. The Steering Group are reminded that more information can be sought via their own college Employer's Association representative.

9 AOB

Agenda Item: 9 | Verbal | Lead: Stuart Thompson

Librarian Development Network Event have asked for a representative from the FDN steering group to attend their event on 22 November to deliver a 30-45 minutes' presentation/session on bids and presenting a good business case.

Actions/Decisions

- 9.1 Members to submit their note of interest if they wish present at the Librarian Development Network event and represent the Steering Group.**

10 Date of Next Meeting

Agenda Item: 10 | Verbal | Lead: Stuart Thompson

The date of the next meeting is confirmed as Friday 5 October 2018.