



FINANCE & RESOURCES COMMITTEE

Meeting of 24 January 2018

FINANCE & RESOURCES COMMITTEE

NOTICE

There will be a meeting of the Finance & Resources Committee on Wednesday 24 January 2018 at 1400 hours in the Boardroom, G10, at Aberdeen City Campus.

AGENDA

Agenda Item		Paper
01-18	Apologies for Absence	
02-18	Declaration of any Potential Conflicts of Interest in relation to any Agenda Items	
03-18	Minute of Previous Meeting – 21 November 2017	X
04-18	Matters Arising from the Previous Meeting	X
	Matters for Decision	
05-18	Financial Regulations	X
06-18	Course Fee Rates, Academic Year 2018-19	X
07-18	Letting Charges, Academic Year 2018-19	X
	Matter for Discussion	
08-18	Commercial and Non-SFC Income	X
	Matters for Information	
09-18	Payment of Taxes	X
10-18	Properties Leased to Third Parties	X
11-18	Properties Leased from Third Parties	X
12-18	Procurement Update	X
13-18	A New Social Contract for Students: An Independent Review of Student Support in Scotland	X
14-18	Summation of Business and Date of Next Meeting	
	Reserved Items of Business	
	Matter for Decision	
15-18	Capital Budget	
	Matters for Discussion	
16-18	Revenue Budget	
17-18	Performance Reporting <ul style="list-style-type: none"> Financial Status Student Funding Monthly Financial Statements 	
18-18	Any Other Business	
19-18	Summation of Reserved Items of Business	

FINANCE & RESOURCES COMMITTEE

Draft Minute of the meeting of the Finance & Resources Committee held on 21 November 2017 at 1230 hours in G10, Aberdeen City Campus.

Agenda Item	
	<p>Present: David Anderson Martin Dear John Harper – Chair John Henderson Liz McIntyre Ken Milroy Adrian Smith</p> <p>In attendance: Doug Duthie (Agenda Item 15-17 only) Ian Gossip (Agenda Item 15-17 only) Andrew Russell (Agenda Item 15-17 only) Roddy Scott, Vice Principal – Finance Pauline May, Secretary to the Board Zoe Burn, Minute Secretary Graham Gillespie – Wylie & Bisset (Agenda Item 15-17 only) Stephen Reid – EY (Agenda Item 15-17 only)</p>
	<p>Reserved Item of Business</p>
15-17	<p>Financial Statements for the Year to 31 July 2017 Members joined the meeting of the Board's Audit & Risk Committee held prior to the scheduled meeting of the Finance & Resources Committee to jointly consider the College's Financial Statements for the Year to 31 July 2017.</p> <p>Mr Scott highlighted the financial outturn for the year, noting some factors contributing to the position and explaining the use of required accounting conventions. Mr Scott advised that, during the financial period, the College had realised planned outcomes and accommodated the costs of operating a voluntary severance scheme - a significant achievement.</p> <p>The Committee was advised that this was the first year of EY acting as the College's external auditors. The recent publication of a new code of audit practice was noted.</p> <p>Mr Reid highlighted key areas of the Annual Audit Report prepared by EY, including five recommendations contained in its Action Plan. In relation to the recommendation made with regard to financial monitoring, it was noted that this had been addressed through the introduction of the performance reporting section of the agenda for meetings of the Finance & Resource Committee.</p>

	<p>It was noted that the audit had been undertaken in accordance with the previously agreed External Audit Plan, with no required modifications. Mr Reid confirmed that no material findings required to be reported.</p> <p>Mr Reid highlighted that the Report references significant financial challenges ahead in relation to financial sustainability, including the importance of the redevelopment of the City Campus for the future of the College.</p> <p>It was suggested that references contained in EY's Audit Report referring to "the development of a new Aberdeen City Campus" should be reworded to "the significant development of Aberdeen City Campus" to avoid any potential misinterpretation that the College is seeking to build a brand new Campus, rather than to redevelop existing buildings/facilities.</p> <p>A required correction to the date of the meeting of the Audit & Risk Committee held in September 2017 was noted.</p> <p>The Committee noted the unqualified audit opinion on the Statements.</p> <p>Members recommended approval of the Financial Statements to the Regional Board at its meeting scheduled for December 2017.</p>
	<i>Mr Duthie, Mr Gossip and Mr Russell left the meeting at this time.</i>
16-17	<p>Apologies: Apologies were received for Abby Miah</p>
17-17	<p>Declaration of any Potential Conflicts of Interest in relation to any Agenda Items There were no declarations of potential conflicts of interest noted.</p>
18-17	<p>Minutes of Previous Meeting – 22 September 2017 The minutes were approved as a true and accurate record.</p>
19-17	<p>Matters Arising from the Previous Meeting Members noted the matters arising report.</p> <p>The Principal provided additional information on discussions held in relation to the definition and monitoring of commercial and non-SFC income. Members were advised that a schedule of figures and a report of various income streams would be prepared for the Committee to consider and to agree how it wished to monitor this area of the College's activities.</p> <p>No further matters were raised.</p>
	Matters for Discussion
20-17	<p>Estates Development and Backlog Maintenance Update Members considered a paper providing information on matters related to the development of the College estate and property backlog maintenance requirements.</p> <p>Mr Scott provided contextual information on different reporting methods used by the SFC and the College in relation to the calculation and reporting of backlog maintenance costs. Mr Scott highlighted that the College currently estimates backlog maintenance at some £48,000,000 compared with the SFC's draft figure of some £17,000,000. Members were provided with an illustrative</p>

	<p>example of this - the lifts at the City Campus, where one calculation only relates to the costs of parts and does not include any labour costs.</p> <p>Mr Scott summarised recent discussions with the SFC in relation to the progression of the College's Full Business Case (FBC) for the development of the Aberdeen City Campus and its potential funding by the SFC. It was noted that the SFC Board would consider the approval to fund further development of the FBC at a meeting scheduled for 22 December 2017.</p> <p>Members agreed that estates development and backlog maintenance were key issues for the Committee to consider on a regular basis.</p>
21-17	<p>The Cole Report – Consideration of Findings</p> <p>The Committee considered a paper enabling Members to consider the lessons to be learned by the College from the report on the Independent Enquiry into the Construction of Edinburgh Schools led by Professor Cole (the Cole Report).</p> <p>Mr Scott confirmed that the College has arrangements in place to address the concerns raised in the Cole Report.</p>
	Matters for Information
22-17	<p>Campus Estate – External Cladding and ACM Content</p> <p>Members noted paper providing information on the outcome of the survey of external cladding material and potential aluminium composite material content across the College estate.</p> <p>Mr Scott summarised the work undertaken to survey the College's estate, and confirmed the College's compliance with Scottish Building Standards.</p>
23-17	<p>Flexible Workforce Development Fund – Update</p> <p>The Committee noted a paper providing an overview of work currently being undertaken in relation to the Flexible Workforce Development Fund.</p> <p>The Principal advised that the deadline for accessing the Fund has been extended from 15 December 2017 to 28 February 2018, adding that this would provide opportunity for further engagement to be undertaken with companies across the region.</p> <p>It was noted that it would be beneficial to ascertain the reasons for companies choosing to not apply to the Fund or requesting to not be contacted again in relation to it. The Chair commented that he was surprised to see a skills focus, rather than a management focus in relation to the training requested by companies to date.</p>
24-17	<p>Summation of Business and Date of Next Meeting</p> <p>The next meeting of the Finance and Resources Committee will be held at 1400 hours on Wednesday 24 January 2018 at Aberdeen City Campus.</p>
	Reserved Item of Business – Matter for Discussion
25-17	<p>Performance Reporting – Financial Status, Student Funding, Monthly Financial Statements</p>

26-17	Any Other Business No further items of business were discussed.
27-17	Summation of Reserved Item of Business The Secretary gave a summation of the reserved items of business.
	Members considered the proposed Programme of Business for the meeting of the Committee scheduled for January 2018. It was agreed that two items should be added: <ul style="list-style-type: none"> • A report on improved management and dispersion of student support funds at the College, • A procurement update.
	Meeting ended 1350 hours

Agenda Item	Actions from Finance & Resources Committee 21/11/17	Responsibility	Deadline
15-17			
15-17			
19-17			
20-17			
25-17			
	Include requested additional items on agenda for next meeting of Committee	P May	17 January 2018

Signed:.....

Date:



Agenda Item 04-18

FINANCE & RESOURCES COMMITTEE

An update on matters arising from the meeting of the Finance & General Purposes Committee held on Tuesday 21 November 2017.

Agenda Item	
15-17	
19-17	
20-17	
20-17	
25-17	
	Action: Include requested additional items on agenda for next meeting of Committee.
	Status: Complete – see Agenda Items 12-18 and 13-18.



FINANCE & RESOURCES COMMITTEE	
Meeting of 24 January 2018	
Title: Financial Regulations	
Author: Roddy Scott	Contributor(s):
Type of Agenda Item: For Decision <input checked="" type="checkbox"/> For Discussion <input type="checkbox"/> For Information <input type="checkbox"/> Reserved Item of Business <input type="checkbox"/>	
Purpose: To enable the Committee to undertake the scheduled review of Financial Regulations.	
Linked to Strategic Aim: 3 To achieve maximum impact from the available resources	
Linked to Annual Priority:	
Executive Summary: The Committee reviews annually College Financial Regulations. These form part of the control framework that ensures that the Regional Board complies with the requirements of the Scottish Public Finance Manual and the Conditions of Grant set by the SFC. Financial Regulations were last reviewed in January 2017 and are now due for review. Financial Regulations have operated successfully during the year and no changes are proposed at this review.	
Recommendation: It is recommended that the Committee adopt Financial Regulations as set out in the appendix to this paper.	
Previous Committee Recommendation/Approval (if applicable): Financial Regulations were adopted in their current form by the Finance and General Purposes Committee at its meeting on 24 January 2017.	
Equality Impact Assessment: Positive Impact <input type="checkbox"/> Negative Impact <input type="checkbox"/> No Impact <input checked="" type="checkbox"/> Evidence:	



FA3.2

North East Scotland College Financial Regulations

Review Date: January 2018

Table of Contents

1	Introduction and background
2	Management
3	Financial planning (capital and revenue estimates)
4	Authorisation and control of capital expenditure
5	Authorisation and control of revenue expenditure
6	Virement
7	Control and legality of expenditure
8	Authorised signatories
9	Financial reporting
10	Control of income
11	Borrowing and leasing
12	Banking arrangements
13	Cash imprests
14	Control of inventories and fixed assets
15	Order book and payments of accounts
16	Contracts and tendering
17	Accounting
18	Internal audit
19	Salaries, wages and pensions
20	Insurance
21	Security
22	Observance of financial regulations
23	Review of financial regulations

1.0 Introduction and Background

- 1.1 The Post 16 Education (Scotland) Act 2013 (the Act) created a framework for further education colleges offering full time and part time education to act as free standing corporate bodies with powers to employ staff and own land and buildings.
- 1.2 These financial regulations do not in themselves set standards or provide control information, but they do set up a financial control system within which management can delegate authority whilst informing staff of correct financial procedures.
- 1.3 The financial regulations should be read in conjunction with the Scottish Funding Council (SFC) Financial Memorandum and the Scottish Government Scottish Public Finance Manual (SPFM) as issued from time to time
- 1.4 The regulations are subject to annual review to reflect the College's operational and management structures and changes in the requirements set by the SFC and Scottish Government.

2.0 Management Responsibility

2.1 Responsibility of the Board of Management

- 2.1.1 The Board of Management has a duty to manage the College and ensure that it provides suitable and efficient further education to its students having regard to the provision in the area it serves and the likely needs of potential students. Their general responsibilities include:
 - administering and managing the College, its property rights, liabilities and obligations with the funds available from all sources;
 - ensuring the provision of suitable and efficient further education;
 - setting and charging fees for further education and deciding on which individual courses should be offered;
 - to approve development plans for all College activities (including business plans for commercial activities);
 - allocation of finance and other resources to these planned activities;
 - to monitor, review and report the general performance of the College and ensure that its plans are being achieved;
 - the Chair of the Board shall sign the annual accounts

2.2 Responsibility of the College Principal

- 2.2.1 The College Principal is responsible for the detailed management and administration of the College. The Principal will act as Chief Executive of the College.
- 2.2.2 The Principal is ultimately responsible to the Board for the control of resources, for seeking economy, efficiency and effectiveness in the case of the College's resources and for ensuring that financial considerations are taken into account at all stages of decision making.

2.2.3 In particular, the Principal shall:

- sign the annual accounts and ensure records are retained relating to them Whilst ensuring they are presented in a form acceptable to the SFC;
- Advise the Board of Management on the proper discharge of their financial duties ;
- Be authorised to write-off losses and instruct special payments (subject to limitations made by SFC);
- Be personally associated with the SFC Accountable Officer on matters relating to public funding which arise before the Public Audit and Post-legislative Scrutiny Committee of the Scottish Parliament.

2.3 Responsibility of Vice Principals and other Managers.

2.3.1 Vice Principals and other Managers shall ensure that they seek economy, efficiency and effectiveness at all times and that they endeavour to secure the best value for expenditure incurred by them with the objective of achieving the policies of the College at least cost.

3.0 Financial Planning (Capital and Revenue Estimates)

3.1 General Statement

3.1.1 Under the Post 16 Education (Scotland) Act 2013 boards of management have substantial freedom in deciding college spending practices.

3.2 Responsibility of the Principal

3.2.1 The College Principal is responsible directly to the SFC and the Board of Management for ensuring that funding is spent on the purpose for which it was provided, and for the effective and efficient management of the College, including proper management controls.

3.3 Outcome Agreements and Strategic Plans

3.3.1 The Board of Management has responsibility for the overall direction of the College, including its financial health. The SFC expects the Board of Management to approve each year an Outcome Agreement and Strategic Plan which shall cover at least the next year which shall include a broader forward look beyond that period.

3.3.2 Fundamental requirements for outcome agreements and strategic plans, which must be met:

- the college's plans for its various activities and the key resources (staff, finance and estates) needed to deliver them must be inter-related and coherent;
- the plans must take account of Scottish Government and SFC aims, objectives, priorities and targets as set out in ministerial guidance and the SFC's Corporate Plan, and include targets for key national policies;
- planning documents must include the Board of Management's evaluation of progress on the existing or previous Strategic Plan;
- all significant quantitative assumptions underpinning plans should be clearly set out; and
- the plans must, where appropriate, reflect work to deliver colleges' legal responsibilities.

- 3.3.3 The College Principal shall generally be responsible for the preparation of draft Outcome Agreements and Strategic Plans for consideration by the Board of Management, which, in turn, has responsibility for approval of these planning documents and for reviewing performance retrospectively.

3.4 Budget setting and monitoring

- 3.4.1 The Vice Principal (Finance) will establish a draft budget in liaison with the remainder of the Senior Management Team for each financial year. This will normally be done no later than 2 months before the beginning of the financial reporting period to which the budget applies.
- 3.4.2 The draft budget will be presented to the Board of Management for consideration and if so minded approval. This will normally be done no later than 1 month before the beginning of the financial reporting period to which the budget applies.
- 3.4.3 Regular reports on actual and forecast financial outcomes against budget will be presented to the Board of Management and shall be considered by the Finance and General Purposes Committee.
- 3.4.4 The audited financial statements of the Board of Management shall be presented to the Audit Committee and the Board of Management for approval.

3.5 Involvement of Vice Principals and other Managers

- 3.5.1 Vice Principals and other Managers must be closely involved in the development of their budgets. This will facilitate the preparation of meaningful and achievable estimates.

4.0 Authorisation and Control of Capital Expenditure

4.1 General Statement

- 4.1.1 Attention is drawn to the Procedure Notes for the Disposal of Exchequer Funded Assets and the Retention of Proceeds issued by the SFC and detailed procedures and related guidance on Estates Management issued by SFC.

4.2 Need for SFC Consent

- 4.2.1 The Board of Management shall not acquire land/buildings for which grant aid is sought or carry out building works on land or to buildings that have been acquired with the assistance of grant aid (with the exception of minor modifications/routine maintenance) without obtaining the prior written approval of the SFC where this necessary to comply with the provisions of the Financial Memorandum or other regulations set by the SFC.

4.3 Need for Committee Consent

- 4.3.1 No expenditure shall be incurred without the prior approval of the Finance and General Purposes Committee except;

- as authorised by direct instructions from the Board of Management and the Standing Orders relating to contracts.
- preliminary expenditure on projects approved within the College's Estates Development Strategy.

4.4 Variation during the life of a capital project

- 4.4.1 Once a design has been drawn up and cost limits have been approved by SFC there must be no departure from approved costs without authorisation. If it becomes apparent that a project will be under/over spent, or if the phased expenditure is likely to vary, it shall be the duty of the Principal to report immediately, formally and in writing, to the SFC and the Board of Management so that appropriate action may be taken.

4.5 Budgetary control

- 4.5.1 The Principal shall nominate a Project Director (normally the College's Vice Principal (Finance)) for each capital project. It shall be the duty of the Vice Principal (Finance) to furnish the Board of Management or the relevant Standing Committee and the Principal and the Project Director, regularly and timeously, with budgetary control statements comparing actual financial performance with the relevant capital estimates.
- 4.5.2 It shall be the duty of the Project Director to ensure that capital expenditure does not exceed any allocations and that all expenditure conforms to these regulations and the "Procedure Notes for Capital Projects" and related guidance on Estates Management issued by the SFC.

5.0 Authorisation and Control of Revenue Expenditure

5.1 General Statement

- 5.5.1 Attention is drawn to the requirements of the SFPM on procurement of goods and services, together with the College's financial procedures guide.

5.2 Approval

- 5.2.1 No expenditure shall be incurred without the approval of the appropriate authorised officer of the College. Approval limits are given in subsequent sections.

5.3 Reserves

- 5.3.1 The Board of Management shall maintain a policy on reserves. The use of reserves must be in accordance with that policy.

5.4 Monitoring

- 5.4.1 The Vice Principal (Finance) will issue budget holders with monitoring statements on a regular basis. Statements shall include information on actual expenditure, committed expenditure and budgeted expenditure. Budget holders are required to monitor delegated resources on a day-to-day basis by reference to College Management Information Systems.

6.0 Virement

6.1 General Statement

- 6.1 Vice Principals and other Managers will be allocated an approved budget by the Vice Principal (Finance). The transfer of resources between budget headings can only be authorised by the College Principal.
- 6.2 Any proposed virement of resources within budget headings, excluding equipment purchases, is at the discretion of the budget holder, subject to guidelines issued by the Vice Principal (Finance).

7.0 Control and Legality of Expenditure

7.1 Legality

- 7.1.1 It shall be the duty of the Vice Principal (Finance) and budget holders to ensure that no expenditure is incurred unless it is within the legal powers of the College. In cases of doubt, they must consult College legal advisors before incurring expenditure.
- 7.1.2 Expenditure on new services, contributions to outside entities and responses to emergency situations that require expenditure must be clarified as to legality prior to being incurred.

7.2 Control

- 7.2.1 Vice Principals and other Managers, are responsible for the control of all expenditure within their jurisdictions. They must ensure that all resources are properly used and that expenditure both committed and incurred is fully contained within their approved budgets. Serious and/or recurrent breaches of this control will result in disciplinary procedures.

8.0 Authorised Signatories

8.1 General Statement

- 8.1.1 It is imperative for good financial control that a list of authorised signatories is established. The Vice Principal (Finance) will maintain the list. Best practice dictates that these should be based on the College management structure and offer low-level authorisation for insignificant transactions whilst all significant transactions require senior authorisation, by more than one individual.

8.2 Authorisation Levels

- 8.2.1 Authorisation levels, by staff grade, are detailed in the relevant sections on these regulations and in the records held by the College Purchasing Manager.

9.0 Financial Reporting

9.1 Internal Reporting

9.1.1 The Board of Management shall devise a scheme of their own internal reporting requirements containing summary financial reports at periods as they see fit.

9.1.2 The Vice Principal (Finance) shall be responsible for the control of all financial reports submitted to the Principal and the Board of Management and for ensuring that the requirements are satisfied timeously.

9.2 External Reporting

9.2.1 External reporting requirements are embodied in issued legislation and guidance circulars issued by the SFC.

9.2.2 The Vice Principal (Finance) shall be responsible for ensuring that all financial instructions issued by the SFC and Scottish Government /or embodied within issued legislation are complied with in as far as they are applicable to the College.

9.3 Year end reporting

9.3.1 The Vice Principal (Finance) shall be responsible for completing all Statutory and other year-end reporting requirements timeously. The format of year-end statutory reporting is embodied in information issued by the SFC.

9.4 College Outcome Agreements and Strategic Development Plans

9.4.1 The Act stipulates that the Board of Management shall submit a strategic development plan to the SFC in respect of the College. (Attention is drawn to SFC guidance notes on outcome agreements outcome agreements and strategic development plans).

9.5 External Audit

9.5.1 The year-end accounts will be subject to external audit by an auditor appointed by the Auditor General for Scotland who will report to the Auditor General for Scotland and to the Board of Management. The Board shall follow the mandatory requirements relating to audit set by the SFC in the Financial Memorandum with the College.

9.6 Authority of Audit

9.6.1 The auditor engaged to carry out the external audit function shall have authority, on production of identification to:

- enter at all reasonable times any College premises or land;
- have access to all records, documents and correspondence relating to any financial and other transaction of the College;
- require and receive such explanations as are necessary concerning any matter under examination;
- require any employee of the College to produce cash, stores or other College property under the employee's control.

9.7 Audit standards

- 9.7.1 The operation and conduct of the external audit function should conform to the recognised auditing standards.

9.8 Irregularities and fraud

- 9.8.1 Whenever any matter arises which involves, or is thought to involve irregularities concerning cash, stores or other property of the College or any suspected irregularity, it will be notified immediately to the Principal and the Vice Principal (Finance). Such irregularities shall be dealt with in accordance with the procedures determined by the Board of Management.

10.0 Control of Income

10.1 General Statement

- 10.1.1 All College employees have a general responsibility for ensuring that resources are properly used and contained within budget limitations whilst ensuring that all income due to the College is properly recovered.

10.2 Charges

- 10.2.1 Each budget holder shall review, at least annually, the charges made for services provided by that Team/function (in as far as these are not externally set other than by market forces). Any resultant revision should be submitted to the Principal for consideration. In performing these revisions regard should be given to the current rate of inflation as a guide to the minimum increase required to preserve the real value of income.

10.3 Accounting arrangements

- 10.3.1 It is the duty of the Vice Principal (Finance) to make adequate financial and accounting arrangements to ensure the proper recording of all monies due to the College and the proper collection, custody, control, disposal and lodging of all funds.

10.4 Invoicing

- 10.4.1 It is essential to ensure accurate invoicing and checking of such, that particulars of all charges made for work done or services provided by the College shall be notified to the Vice Principal (Finance) promptly in a form approved by the Vice Principal (Finance), and all accounts for income due to the College shall be rendered by or under arrangements approved in advance by the Vice Principal (Finance).

10.5 Write-Offs

- 10.5.1 Sums individually below a limit of £2,000 may be written off by the Principal and Vice Principal (Finance). Sums above this level shall not be written off except with the approval of the Principal and the Board of Management. The limit is subject to annual review. The procedure for writing-off monies must comply with instructions issued, from time to time, by the SFC. Attention is drawn to the requirements of the SPFM in relation to losses or special payments.

10.6 Recording of funds received

- 10.6.1 All monies received on behalf of the College shall be recorded and deposited immediately with the Business Office or the College bankers in accordance with

arrangements made by the Vice Principal (Finance). No deduction whatsoever may be made from such money to meet expenditure of any kind. Cash discount shall not be offered to any debtor.

- 10.6.2 All cheques and postal orders received shall be stamped on receipt with the restriction "Account Payee only - A/C North East Scotland College".

10.7 Fees Collection

- 10.7.1 Academic managers must ensure that only properly registered students whose fees have been accounted for are admitted to and allowed to continue classes.

10.8 Consultancies

- 10.8.1 Staff who enter into agreements for the provision of consultancies must ensure that the charges made are consistent with College policies. Consultancies must not be undertaken without the prior permission of the Principal and the Vice Principal (Finance).

11.0 Borrowing and Leasing

11.1 Board of Management

- 11.1.1 The Board shall comply with the mandatory requirements referred to in the Financial Memorandum issued by the SFC.

11.4 Leasing

- 11.4.1 No leasing of equipment or capital assets will be undertaken on behalf of the College without the prior approval of the Vice Principal (Finance). The College must obtain the SFC's written approval before entering into operational leasing arrangements over £250,000 in value.

12.0 Banking Arrangements

12.1 General Statement

- 12.1.1 North East Scotland College will operate at least two business bank current accounts. At least one account will be used to deposit funds and at least one to make payments. In addition, a "Hardship Fund" account will be established. The Hardship Fund account will be operated in accordance with procedures prescribed by the SFC and the Student Awards Agency Scotland. It is imperative that the use of such bank accounts is strictly controlled.

12.2 Arrangements with Bankers

- 12.2.1 All arrangements with bankers concerning the operation of College accounts, the issuance automated payments, cheques and the operation of credit and debit cards shall be made by the Vice Principal (Finance). Bank statements of account are to be addressed to the Principal alone.

12.3 Opening and Closing of bank accounts

- 12.3.1 All official bank accounts shall bear the name of "North East Scotland College" and shall only be opened or closed by the Vice Principal (Finance), with the prior formal approval of the Principal and Chair or Vice Chair (if deputising for the Chair) of the Board of Management or the Convenor of the Finance and General Purposes Committee.

12.4 Payment into the Bank

- 12.4.1 All monies received shall be paid into the College's bank accounts daily or at such other intervals as may be approved by the Vice Principal (Finance). Funds must be lodged "gross" with no deductions whatsoever.

12.5 Control of cheques and Payment Cards

- 12.5.1 All arrangements for the ordering, safekeeping, control and signing of cheques and use of payment cards on behalf of the College shall be made by the Vice Principal (Finance).

12.6 Authorised Signatories

- 12.6.1 All cheques or money transfers will be signed by any 2 of the undernoted authorised signatories:
- Chair of the Board of Management
 - Vice Chair of the Board of Management
 - Chair of the Finance and General Purposes Committee
 - Principal
 - Vice Principals

12.7 Borrowing limits

- 12.7.1 The Board of Management shall comply with the requirements of these regulations and the Financial Memorandum when entering into borrowing arrangements.

12.8 Reconciliation of bank accounts

- 12.8.1 All official bank accounts shall be regularly reconciled, at least monthly, to the College's cash records and the results of these reconciliations reviewed by the Financial Controller – External Relations. The results of these investigations shall be reported to the College Principal, where any significant problems arise.

12.9 Bank Automated Clearing System (BACS)

- 12.9.1 The limits of authority that apply to cheque payments shall also apply to payments made via BACS. The transmission of money through the BACS system may only be authorised by the Principal or the Vice Principal (Finance) or in their absence by an authorised deputy.

12.10 Purchasing Cards

- 12.10.1 The limits of authority that apply to cheque payments shall also apply to payments made via purchasing cards. The transmission of money through the purchasing card system may only be authorised by the Principal or the Vice Principal (Finance) or in their absence by an authorised deputy acting together with the College Purchasing Officer.

13.0 Cash Imprests

13.1 Provision of Imprests

- 13.1.1 The College shall operate a petty cash imprest. The Vice Principal (Finance) shall provide such advances as he considers appropriate for such employees of the College as he considers may be required by them for purposes of defraying petty and other minor expenses. Such advances are to be recoverable in full from the employee's salary.

13.2 Bank accounts for imprest holders

- 13.2.1 Imprest holders shall not open accounts for College funds without the express permission of the Board of Management. The Vice Principal (Finance) shall open accounts, on behalf of imprest holders, where it is considered appropriate and in no circumstances shall the imprest holder overdraw the account. It shall be a standing instruction to the College's bankers that an imprest holder's account shall not be overdrawn. Bank accounts will not be opened by any officer other than the Principal by way of the Vice Principal (Finance).

13.3 Exclusion of Payments

- 13.3.1 No payments to the College shall be paid into an imprest account but shall be lodged in the main College bank account. Any bank interest earned on imprest accounts will be remitted separately and immediately to the Business Office and will not be left in the imprest bank balance.

13.4 Limit on Expenditure

- 13.4.1 Payments from imprest accounts shall be limited to minor items of expenditure and only to such amounts as the Vice Principal (Finance) may approve. Payments shall be supported by a voucher. Imprests must not be used to pay major expense claims or any supplier's invoices. The upper limit for individual items of expenditure to be met out of the centrally held imprest fund will be £20. The upper limit for individual items of expenditure to be met out of other imprest funds will be £20. Separate arrangements exist for the operation of College Discretionary Funds.
- 13.4.2 An imprest of £5,000 shall be established for use by Hardship Funds. Payments from this imprest shall be made in accordance with the rules of Discretionary Funds.

13.5 Statement of Account

- 13.5.1 The Vice Principal (Finance) may at any time request a certificate of the balance from any employee charged with the holding of an imprest. In addition imprest accounts may be examined and counted without prior notice but only at the discretion of the Vice Principal (Finance). All findings shall be reported directly to the Principal.

13.6 Termination of Imprest Holder

- 13.6.1 An employee leaving the employment of the College or otherwise ceasing to be entitled to hold an imprest advance shall account to the Vice Principal (Finance) for the amount advanced to the employee. A formal record of this accounting shall be prepared and retained for inspection.

14.0 Control of Inventories and Fixed Assets

14.1 General Statement

- 14.1.1 In order to minimise the risk of misappropriation of the college's assets a register has been compiled listing the details of all fixed assets owned by the Board of Management.
- 14.1.2 A fixed asset is defined, for this purpose, as an item of equipment with an original cost of over £200 which would be expected to have a productive life of over twelve months.
- 14.1.3 Vice Principals and other Managers have overall responsibility for the management and control of stocks in their charge, although the Vice Principal (Finance) shall be responsible for agreeing the quantification of such stocks and for any adjustments to stock levels as a result of shrinkage ect. (Attention is drawn to the requirements of the SPFM). Adjustments are subject to the regulations controlling "write-offs" authorised by the college Principal.

14.2 Custody of Inventories

- 14.2.1 The safe custody and storage of stocks will be the responsibility of Managers as appropriate

14.3 Stores Records

- 14.3.1 The Vice Principal (Finance) shall specify the form of stores records to be used, together with the control systems to be put into place. Stocktaking will be performed at regular intervals, as agreed by the Vice Principal (Finance).

14.4 Movement of Stock

- 14.4.1 Attention is drawn to the financial procedure manual in relation to purchase and sale of goods and services.

14.5 Valuation of Stocks

- 14.5.1 Stocks must be valued at the lower cost and net realisable value.

14.6 Write-off or surpluses of stores

- 14.6.1 Managers shall report annually to the Vice Principal (Finance) the total suggested value of Write-offs and surpluses of stock, the net effects of these adjustments on the book of value of stores under his/her control and provide explanations for these differences. The Vice Principal of Finance shall report and explain the college's global position to the College Principal and Board of Management annually.

15.0 Order book and Payment of Accounts

15.1 Official Orders and Exemptions

- 15.1.1 With the exception of petty cash purchases, supplies of public utility services and periodic payments such as rent and rates and subject to the provisions relating to contractual terms all goods (materials or services) supplied to, or work executed, for the College shall be ordered or confirmed, taking account of value for money, in writing by means of an official order or by written acceptance of a tender or offer and acceptances shall be signed only by employees authorised by the Vice Principal (Finance) as budget holders. A current list of authorised employees, together with specimen signatures, shall be maintained by each Head of School and Faculty Manager or budget holder and provided to the Vice Principal (Finance).
- 15.1.2 The appropriate expenditure and cost centre code number are to be entered on the purchase request document.
- 15.1.3 Vice Principals and other Managers shall arrange for certification, by an authorised employee, that all purchase requisitions for expenditure on matters within the purchasing powers of the College.

15.2 Method of payment

- 15.2.1 With the exception of petty cash purchases (including imprest) the normal methods of payment of money due from the College shall be:
- by BACS;
 - by purchasing card; or,
 - by "payee" restricted cheque;
- 15.2.2 Payment may be made by other instrument drawn on the College's bank account by the Vice Principal (Finance), or a person authorised as an approved bank signatory.

15.3 Checking of goods, materials and services received

- 15.3.1 It is the duty of the budget holder, through the Purchasing Officer, to ensure that all goods, materials and services invoiced are received as ordered in respect of price, quantity and quality. Budget holders will ensure that appropriate entries are made in inventories/stores records as required.

15.4 Central purchasing and standardisation

- 15.4.1 All orders shall conform with the direction of the College (financial procedures manual) with respect to central purchasing (if appropriate) and the standardisation of goods, materials and services. Attention is drawn to the list of approved suppliers and requirements for the procurement of goods and services set out in the SFPM.

15.5 Certification

- 15.5.1 The Business Office shall ensure that:

- the goods/services for which the payment is to be made have been received;
- examined and approved and in accordance with those ordered;
- the price, extensions, calculations, trade discounts, other allowances, credits and tax are correct;
- the relevant expenditure has been properly incurred and is within the relevant estimate provision (if appropriate).

15.6 Cash discount

- 15.6.1 It is important that the budget holder or his/her authorised representative provides the certification (above) timeously thus allowing the Vice Principal (Finance) to maximise cost savings through meeting cash discount conditions whilst maintaining creditor goodwill as appropriate to the circumstances.

15.7 Invoices

- 15.7.1 All purchase invoices shall be stamped "paid" after payment and filed. For this reason all duplicate copy invoices will require full certification by the budget holder confirming that the previous invoice has not been passed for payment.

15.8 Amendments to payments/vouchers

- 15.8.1 All amendments to payment/vouchers shall be made in ink (pencil and correcting fluid must never be used) and signed by the employee authorised to make them, stating briefly the reasoning for the corrections. Tax invoices must be returned to source for alteration to ensure that the full VAT can be reclaimed (if appropriate).

16.0 Contracts and Tendering

16.1 Record of contracts

- 16.1.1 The Vice Principal (Finance) shall maintain a record of all relevant contracts and payments made on contracts by the College. The Vice Principal may delegate this responsibility to the Purchasing Manager, who is responsible for the day-to-day control of contracts and tendering.

16.2 Variations to contracts

- 16.2.1 All instructions to contractors on capital works and major revenue projects shall be issued by the responsible individual (see above) using the appropriate official variation order procedure. The financial effect of such variation must be reported to the Vice Principal (Finance).

16.3 Claims from contractors

- 16.3.1 Claims from contractors in respect of matters not clearly within the terms of any existing contract shall be referred to the Vice Principal (Finance) and where necessary the solicitor to the Board of Management for consideration of the College's liability before a settlement is reached.

16.4 Delay of contract

- 16.4.1 Where completion of a contract is delayed it shall be the duty of the responsible officer to consult the Vice Principal (Finance) prior to taking any action in respect of claims for damages.

16.5 Interim payments

- 16.5.1 Interim payments to contractors shall be certified by the responsible officer for the control and supervision of the work. The Vice Principal (Finance) shall be provided with specimen signatures of those authorised officers.

16.6 Tendering procedures

- 16.6.1 Three quotations must be sought from different (and unassociated) suppliers in respect of contracts where the anticipated value is in the range of £2,000 to £20,000 and a bid summary must be completed.
- 16.6.2 Competitive tendering procedures shall be applied for all purchases worth over £20,000 as a single transaction or £50,000 or more over a 4-year period. The competitive tender procedure shall be co-ordinated by the Purchasing Manager. They need not be required where, in the opinion of the Vice Principal (Finance), damage to life or property would ensue from their application.
- 16.6.3 It is a mandatory legal requirement that competitive tendering procedures for spend in excess of £50,000 are carried out by the Purchasing Manager (or staff authorised by the College to do so) via Public Contracts Scotland.
- 16.6.4 Orders for goods and services over £160,000 will be placed in accordance with European Union procurement legislation. The Purchasing Manager will control the submission of notices for publication on the Public Contracts Scotland web portal.

17.0 Accounting

17.1 General Statement

- 17.1.1 The Principal is responsible for the propriety and regularity of public finances for which he is answerable; for the keeping of proper accounts; for the prudent and economical administration of the College; for the avoidance of waste and

extravagance and for the efficient and effective use of all resources in his charge. The Principal should ensure that effective management systems appropriate for the achievement of the College's objectives, including financial monitoring and control systems, have been put in place.

17.2 Accounting procedures and records

- 17.2.1 All accounting procedures and records of the College shall be determined by the Principal, having regard to the advice of the College auditors, who shall compile or direct the compilation of all accounts and accounting records.

17.3 Segregation of duties

- 17.3.1 The Principal shall ensure that the following principles are observed in the allocation of duties (subject to any constraints placed upon him by the Board of Management):
- procedures to be followed regarding the calculation, checking and recording of sums due by or to the College should be arranged in such a way that the work of any individual is proved independently or is complementary to the work of another and these operations should be separated from the duty of collecting or disbursing funds.
 - employees charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.

18.0 Internal Audit

18.1 General Statement

- 18.1.1 The Board of Management shall make arrangements for the internal audit of the College to ensure, inter alia, that internal control systems are effective and that value for money is being secured in delivering the College's service.

18.2 Responsibility for Internal audit

- 18.2.1 The Board of Management shall appoint an Audit Committee.
- 18.2.2 The Board shall follow the mandatory requirements relating to audit set by the SFC in the Financial Memorandum with the College as issued from time to time.
- 18.2.3 The College Principal and the Vice Principal (Finance) will be responsible for ensuring that an effective internal audit function is in place for the purpose of carrying out an examination of the College's internal control systems. This responsibility will be discharged through the appointment, by the Board, of an external firm of accountants.

18.3 Membership of the Audit Committee

- 18.3.1 Members of the Finance and General Purposes Committee shall not serve on the Audit Committee. The Chair and Vice Chair of the Board and the Convenor of the Finance and General Purposes Committee may attend meetings of the Audit Committee as observers. The Principal shall not be a member of the Audit Committee but may be asked to attend as required to offer advice and to answer questions. The Principal is entitled to attend meetings of the Audit Committee.

18.4 Reporting

- 18.4.1 Those engaged in internal audit shall report directly to the Audit Committee or the College Principal as is appropriate in the circumstances. The Board of Management and the Principal shall have the right to order spot checks to be carried out by the College's internal auditors at any time.
- 18.4.2 As a minimum an annual report should be produced by the Audit Committee including an assessment of the College's internal control systems and the effectiveness of the internal audit function in meeting the planned scope of work.

18.5 Authority of Audit

- 18.5.1 The external firm of accountants engaged to carry out the internal audit function shall have authority, on production of identification to:
- enter at all reasonable times any College premises or land;
 - have access to all records, documents and correspondence relating to any financial and other transaction of the College;
 - require and receive such explanations as are necessary concerning any matter under examination; and,
 - require any employee of the College to produce cash, stores or other College property under his control.

18.6 Internal audit standards

- 18.6.1 The operation and conduct of the internal audit function shall conform to the standards set by the Scottish Government.

18.7 Irregularities and fraud

- 18.7.1 Whenever any matter arises which involves, or is thought to involve irregularities concerning cash, stores or other property of the College or any suspected irregularity, it will be notified immediately to the Principal and the Vice Principal (Finance). Such irregularities shall be dealt with in accordance with the procedures determined by the Board of Management.

19.0 Salaries, Wages and Pensions

19.1 Information regarding appointments

19.1.1 The College Principal or the Vice Principal (Finance) shall notify the Vice Principal (Human Resources) timeously of all matters affecting the payment of emoluments including:

- appointments
- resignations
- dismissals
- suspensions
- secondment
- transfers
- changes in remuneration
- absences from duty for sickness or other reason apart from approved leave
- all information necessary to maintain records of service for superannuation, income tax and social security purposes

19.2 Arrangements for payments

19.2.1 The payment of all salaries/ wages/ pensions/ compensation/ other emoluments to all employees (current or past) shall be made by the Vice Principal (Human Resources) or under arrangements made by her.

19.3 Form and certification of records

19.3.1 All pay documents shall be in a form prescribed or approved by the Vice Principal (Human Resources) and shall be certified by the appropriate Manager. A register detailing the names of employees from time to time authorised to certify such documents shall be maintained in College records by the Vice Principal (Human Resources), together with specimen signatures and names shall be updated on the occasion of any change.

20.0 Insurance

20.1 Responsibility for insurance

20.1.1 Subject to any further instruction from the SFC the Vice Principal (Finance) shall, under the direction of the College Principal and Board of Management make all appropriate insurance arrangements for all aspects of the College's activities. The Vice Principal (Finance) shall also arrange the negotiation of all insurance claims by the College in consultation with senior managers concerned.

20.2 Notification of risks

20.2.1 Vice Principals and other Managers shall notify the Vice Principal (Finance), promptly of all new or increased risks regarding properties, vehicles, equipment or activities which should be covered, or any deletions affecting their areas of responsibility.

20.3 Notification of claims

- 20.3.1 Vice Principals and other Managers shall notify the Vice Principal (Finance) immediately in writing of any loss, liability or damage or any event likely to lead to a claim. Thereafter, the Vice Principal (Finance) shall be responsible, where applicable, for advising the insurance company concerned.

20.4 Review of cover

- 20.4 The Vice Principal (Finance) shall review periodically all insurance in consultation with the Principal and other Vice Principals.

21.0 Security

21.1 General Statement

- 21.1.1 All staff, irrespective of their post, have a general responsibility for the security of all College property, although senior staff have more specifically defined responsibilities.

21.2 Responsibility for security

- 21.2.1 Vice Principals and other Managers shall be responsible for maintaining proper security, custody and control at all times, of the plant, buildings, materials, stores, furniture, equipment, cash, etc., under their control. They shall consult with the Vice Principal (Human Resources) in any case where security is felt to be defective.

21.3 Limit of cash holdings

- 21.3.1 The Vice Principal (Finance) shall determine the maximum amount of cash to be held on the College premises at any point in time. The Vice Principal (Finance) shall notify other Vice Principals and other Managers of the maximum amount to be held under their control and this agreed amount shall not be exceeded without the prior written agreement of the Vice Principal (Finance).

21.4 Safe Keys

- 21.4.1 Keys to safes and similar receptacles containing cash or valuable documents or articles shall be carried on the person of those responsible. The loss of any such keys shall be reported immediately to the Vice Principal (Finance). A register of all such key holders will be kept centrally.

21.5 Purchasing Cards and Cheques

- 21.5.1 The Vice Principal (Finance) shall be responsible for ensuring that secure arrangements exist for the preparation, storage and control of purchasing cards, cheques, stock certificates, bonds and other legal/financial documents.

21.6 Data Protection Act

- 21.6.1 The Vice Principal (Organisational Services) shall be responsible for maintaining proper custody, security and control of all personal data output within the College. Personal data output from the College systems must not be used by any other person, team or organisation without the prior written approval of the Vice Principal (Organisational Services). Any breach of this regulation may result in disciplinary action being taken.

22.0 Observance of Financial Regulations

22.1 General Statement

- 22.1.1 The Principal is ultimately responsible for communicating the financial regulations to staff and monitoring their ultimate application.

22.2 Responsibility of Vice Principals and other Managers.

- 22.2.1 It shall be the duty of each budget holder and the Vice Principal (Finance) to ensure that these regulations are made known to the appropriate persons within their Schools/Teams and to ensure that they are adhered to.

22.3 Breach of regulations

- 22.3.1 Any breach or non-compliance with these regulations must, on discovery, be reported to the Vice Principal (Finance), who will directly discuss the matter with the Principal, and the Board of Management and other appropriate managers as may be appropriate in order to determine the proper action to be taken. Disciplinary procedures will be invoked as a result.

23.0 Review of Financial Regulations

23.1 General Statement

- 23.1.1 These financial regulations may be carried, varied or revoked by the Board of Management and any motion to vary or revoke them shall, when proposed and seconded, stand adjourned without discussion to the next ordinary meeting of the Board of Management.

THIS POLICY SHOULD BE READ IN CONJUNCTION WITH OTHER RELEVANT COLLEGE POLICIES AND IN PARTICULAR THE COLLEGE PROCUREMENT, VALUE FOR MONEY, FRAUD PREVENTION, RISK MANAGEMENT AND RESERVES POLICIES.

Status	Approved by Finance and General Purposes Committee
Date of version:	January 2017
Responsibility for the policy:	Finance and General Purposes Committee
Responsibility for implementation:	Principal
Responsibility for review :	Finance and General Purposes Committee
Date of Equality Impact Assessment:	January 2017
Date of Review:	January 2018



FINANCE & RESOURCES COMMITTEE	
Meeting of 24 January 2018	
Title: Course Fee Rates, Academic Year 2018-19	
Author: Roddy Scott	Contributor(s):
Type of Agenda Item: For Decision <input checked="" type="checkbox"/> For Discussion <input type="checkbox"/> For Information <input type="checkbox"/> Reserved Item of Business <input type="checkbox"/>	
Purpose: To enable the Committee to set course fee rates for the forthcoming academic year (the year beginning 01 August 2018 (AY2018-19)).	
Linked to Strategic Aim: 3 To achieve maximum impact from the available resources	
Linked to Annual Priority:	
Executive Summary: College fees are set annually by the Committee in accordance with the policy on course fees adopted by the Regional Board. The SFC has yet to publish details of the fee rates that the Scottish Government has set for full-time programmes for the coming academic year. Colleges are not free to set their own rates for fundable full-time programmes and are required to adopt the fee rates set by central authorities. Course fees will continue to be charged for full-time courses in AY2018-19. As in the current year, SAAS will pay fees for eligible students from Scotland and European Union (except the rest of the UK). Current guidance from the SFC is that tuition provided to students from the rest of the UK (RUK) or outwith the European Union is not 'fundable'. Colleges are free to set course fee rates for these groups of students. Colleges are free to set their own fees for part-time programmes of study. It is proposed that course fee rates are set at a level that represents an increase of 2% on the current year. These rates are set out in Appendix 1 of this paper.	

The estimated financial effect of applying the proposed fee rates is to increase income by some £30,000 (all other things remaining equal).

Recommendation:

It is recommended that the Committee:

- set course fees for AY2018-19 at a level that represents an increase of 2% on current levels;
- reaffirm current policy relating to RUK students, as set out in Appendix 1.

Previous Committee Recommendation/Approval (if applicable):

Equality Impact Assessment:

Positive Impact ☐

Negative Impact ☐

No Impact ☒

Evidence:

North East Scotland College

Proposed Course Fee Rates, AY2018-19

1. Students from Scotland and the European Union, other than England, Wales and Northern Ireland)

Fee rates for full-time programmes

Set by the Scottish Government/Scottish Funding Council

Fee rates for non full-time programmes

Unit of study – Advanced level	£117.69
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Unit of study – Non-advanced level	£92.47
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2. Students from England, Wales and Northern Ireland (RUK)

Policy on course fee rates for full-time programmes

These fees for this group of students are set at a rate that is equal to the total income that the College receives from a Scottish student on the same course. In other words, fee income from an RUK student equals the fee received for a 'Scottish' student plus SFC grant-in-aid for that course.

3. Students from outwith the European Union

Advanced courses	£11,254
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Non-advanced courses	£6,324
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These are fees charged to this group of students for full-time programmes. Fees for part-time programmes are derived by reference to the 'full-time' fee.

FINANCE & RESOURCES COMMITTEE	
Meeting of 24 January 2018	
Title: Letting Charges, Academic Year 2018-19	
Author: Roddy Scott	Contributor(s):
Type of Agenda Item: For Decision <input checked="" type="checkbox"/> For Discussion <input type="checkbox"/> For Information <input type="checkbox"/> Reserved Item of Business <input type="checkbox"/>	
Purpose: To enable the Committee to set the level of charges for ad hoc let of College premises to third parties for the forthcoming academic year (the year beginning 01 August 2018 (AY2018-19)).	
Linked to Strategic Aim: 3 To achieve maximum impact from the available resources	
Linked to Annual Priority:	
Executive Summary: This Committee sets the scale of charges for ad hoc lets of College premises annually. The College is free to set its own rates for letting charges. At times, a level of charge may be levied where the letting organisation has a community role and cannot afford the established rates. This applies for example to sports clubs, which use the sports hall on the Fraserburgh Campus and have an important community role. Such lets are only agreed to if they do not prevent a let at the full rate. Such decisions are taken at the discretion of the Principal. Market rates are considered in establishing rates for longer-term lets or lets for commercial activities. The forecast income from ad hoc lets of premises is some £15,000 in the current year.	
Recommendation: It is recommended that the Committee set charges for ad hoc lets of accommodation in AY2018-19 at £34.14 for classrooms and at £45.18 for specialist rooms, which represents an increase of 2% on current levels.	

Previous Committee Recommendation/Approval (if applicable):

None

Equality Impact Assessment:

Positive Impact ☐

Negative Impact ☐

No Impact ☒

Evidence:

FINANCE & RESOURCES COMMITTEE	
Meeting of 24 January 2018	
Title: Commercial and Non-SFC Income	
Author: Roddy Scott	Contributor(s):
Type of Agenda Item: For Decision <input checked="" type="checkbox"/> For Discussion <input type="checkbox"/> For Information <input type="checkbox"/> Reserved Item of Business <input type="checkbox"/>	
Purpose: To enable the Committee to consider the definition to be used by the Committee in considering and monitoring commercial and non-SFC income.	
Linked to Strategic Aim: 3 To achieve maximum impact from the available resources	
Linked to Annual Priority: 4 To develop and deliver a new business development strategy and a refreshed approach to employer engagement and enterprise to improve responsiveness and generate new income streams	
Executive Summary: The Regional Board and the Committee at previous meetings have discussed the development of sources of income other than the SFC. A number of definitions are proposed to aid the Committee to define commercial and non-SFC income: <ol style="list-style-type: none"> 1. income from programmes that are not funded by SFC grant-in-aid, 2. Income from programmes that are paid for by employers (rather than individuals), regardless whether funded by SFC grant-in-aid, 3. Income from business activities, such as: beauty therapy, hospitality, let of premises. Financial data are available from the College's financial and student records systems that will allow monitoring information to be reported on levels of income against set targets.	
Recommendation: It is proposed that the Committee adopt a relatively wide definition of	

'commercial and non-SFC income' by adopting definitions 2 and 3 above.

Previous Committee Recommendation/Approval (if applicable):
None

Equality Impact Assessment:

Positive Impact ☐

Negative Impact ☐

No Impact ☒

Evidence:



FINANCE & RESOURCES COMMITTEE Meeting of 24 January 2018	
Title: Payment of Taxes	
Author: Roddy Scott	Contributor(s): Muir Wilson, Financial Controller
Type of Agenda Item: For Decision <input type="checkbox"/> For Discussion <input type="checkbox"/> For Information <input checked="" type="checkbox"/> Reserved Item of Business <input type="checkbox"/>	
Purpose: To provide information to the Committee on the payment of taxes and national insurance to HM Revenue and Customs.	
Linked to Strategic Aim:	
Linked to Annual Priority:	
Executive Summary: A report providing information on the College's arrangements relating to PAYE & National Insurance, Value Added Tax and Corporation Tax is attached as Appendix 1.	
Recommendation: It is recommended that the Committee note the information provided in this paper.	
Previous Committee Recommendation/Approval (if applicable):	
Equality Impact Assessment: Positive Impact <input type="checkbox"/> Negative Impact <input type="checkbox"/> No Impact <input checked="" type="checkbox"/> Evidence:	

**NORTH EAST SCOTLAND COLLEGE
FINANCE AND RESOURCES COMMITTEE
Meeting of 24 January 2018**

Report Title: Payment of Taxes

1. Introduction

- 1.1. The purpose of this report is to provide information to the Committee on the payment of taxes and national insurance to Her Majesty's Revenue and Customs (HMRC).

2. Background

- 2.1. HMRC is responsible for the collection of a range of taxes. The Board of Management of North East Scotland College and the Board of Directors of Aberdeen Skills and Enterprise Training Ltd (ASET), the Board's wholly owned subsidiary company, are responsible for ensuring that all taxes – such as Corporation Tax, PAYE, National Insurance and VAT - are paid at the correct time and in the correct amounts.

3. PAYE and National Insurance

- 3.1. All year-end PAYE and National Insurance Contributions (NIC) returns for the year to 5 April 2017 (tax year 2016-17) for North East Scotland College and ASET were submitted to HMRC by the due dates. The information is submitted electronically. HMRC systems have been developed in recent years and past difficulties, such as the loss of data by HMRC, are not expected to recur. The total amount of deductions paid over to HMRC for the tax year 2016-17 was £6,812,364 (2015-16 £6,236,853). Deductions are paid over to HMRC monthly in accordance with statutory deadlines. Payroll systems for the production and calculation of employee payments and deductions are subject to annual audit review.
- 3.2. The internal audit programme for 2016-17 included 2 reviews of payroll (including the administration of PAYE and National Insurance). The report on the first internal audit review, which followed up the implementation of previous recommendations, concluded that controls were 'strong'. The second report also concluded that controls were 'strong'.
- 3.3. HMRC has notified the College that it will undertake a PAYE compliance review. The scope of the review will include: payment of expenses; payments to individuals not employed by the College; payroll administration; and operation of the Construction Industry Scheme. Aberdeen Skills and Enterprise Training Ltd will be included in the review. HMRC will visit the College in the week of 12 February 2018 and the outcome of the review will be reported to the Audit and Risk Committee.

4. Value Added Tax (VAT)

- 4.1. European Union tax legislation defines the provision of education and vocational training by bodies such as North East Scotland College as an activity 'exempt' from VAT. Put simply, colleges must not charge VAT on 'core' activities nor can they recover VAT on these activities. The activities of ASET are not defined as 'exempt' and are subject to VAT.
- 4.2. In 1994, the former HM Customs and Excise (now HMRC) established a 'partial exemption agreement' with Aberdeen College. The agreement set out the 'method' by which the College could recover some of the value added tax charged on its supplies – also known as 'input VAT'.
- 4.3. Aberdeen College and ASET were established as a 'group' for VAT purposes. The VAT group arrangement allows the College and ASET to transact business with each other without the need to charge VAT.

- 4.4. HMRC has confirmed that the arrangements established for Aberdeen College continue to apply following merger on 1 November 2013 and apply to North East Scotland College as they did to Aberdeen College.
- 4.5. VAT is charged on non-fundable services that are obviously commercial, such as those sold by ASET, and on other services that are deemed to be 'business' such as sales in the College's training restaurants or hair and beauty salons. VAT charged on goods and services purchased by the College in providing these services can be reclaimed.
- 4.6. This arrangement allows the College to recover a proportion of the VAT that it pays on goods and services supplied to it.
- 4.7. Between 2000 and 2008, the former HM Customs and Excise acted to recover additional amounts of VAT from Aberdeen College by working within the 'method' agreed in 1994 to reduce the amount of VAT recovered. The rate of recovery has varied in previous years in the range of 21% to 26%. It is understood that HM Revenue and Customs consider 5% to be the 'normal' rate of recovery.
- 4.8. VAT returns are submitted quarterly. As a result of the change in financial reporting date from 31 July to 31 March, as a consequence of 'reclassification' in 2014, the timing of these returns changed to match calendar quarters. However, the reinstatement of the financial reporting date as 31 July led the College to revert to submitting VAT returns at the end of February, May, August and November.
- 4.9. As with PAYE and National Insurance returns, VAT returns are submitted electronically. At the end of the academic year (31 July), the annual outturn position is calculated and the resultant year-end adjustment to VAT payments is processed by HMRC by the end of October.
- 4.10. In the academic year to 31 July 2017 (AY2016-17), the College and ASET collected output VAT of £586,000 (AY2015-16 £607,000) (primarily on the sales made by ASET), which was offset by input VAT recovery of £384,000 (AY2015-16 £765,000) (an input VAT recovery rate of 15% (AY2015-16 29%). The College was unable to recover input tax of £2,116,000 (AY2015-16 £1,893,000) - this is a cost to be met from the College budget.

5. Corporation Tax

- 5.1. The Board of Management of North East Scotland College is recognised as a charity for tax purposes. The activities of ASET are subject to Corporation Tax. The Memorandum of Understanding between the College and ASET requires ASET to pass its profits to the College by the tax efficient means of Gift Aid. This approach reduces the amount of Corporation Tax payable by ASET to zero. The Company's external auditor undertakes ASET's corporation tax computations.

6. Recommendation

- 6.1. It is recommended that the Committee note the information provided in this report.

Liz McIntyre
Principal

Roddy Scott
Vice Principal Finance



FINANCE & RESOURCES COMMITTEE Meeting of 24 January 2018	
Title: Properties Leased to Third Parties	
Author: Roddy Scott	Contributor(s):
Type of Agenda Item: For Decision <input type="checkbox"/> For Discussion <input type="checkbox"/> For Information <input checked="" type="checkbox"/> Reserved Item of Business <input type="checkbox"/>	
Purpose: To provide information to the Committee on College properties that are leased to third parties.	
Linked to Strategic Aim:	
Linked to Annual Priority:	
Executive Summary: <u>Fraserburgh Campus - Sports Field</u> The sports field adjacent to the main car park at the front of the Fraserburgh Campus is let to Fraserburgh United Football Club on a lease term of 10 years ending on 24 April 2026. The rental charge is £1 per annum, although this has been waived from the inception of the lease in 2006. It is a condition of the lease that that tenant maintains the grassed area adjacent to the main car park on Henderson Road. <u>Scottish Maritime Academy (SMA), Peterhead</u> The café area within the premises is leased to Symposium Coffee House Limited. The facility is used to provide food service to the public as well as to students attending the SMA. The lease began expires on 13 November 2019, at an annual rental charge of £6,500. Attributable utilities and maintenance costs are charged to the tenant. <u>Aberdeen Gordon Centre</u> The sports training facility at the Centre was leased by Sport Aberdeen under an agreement that expired on 31 July 2017. The facility is currently vacant. Alternative tenants are being sought. Negotiations are being undertaken with Sport Aberdeen regarding the level of the tenant's leasehold dilapidations payment.	

Recommendation:

It is recommended that the Committee note the information provided in this report.

Previous Committee Recommendation/Approval (if applicable):

None

Equality Impact Assessment:

Positive Impact ☐

Negative Impact ☐

No Impact ☒

Evidence:

FINANCE & RESOURCES COMMITTEE	
Meeting of 24 January 2018	
Title: Properties Leased from Third Parties	
Author: Roddy Scott	Contributor(s):
Type of Agenda Item: For Decision <input type="checkbox"/> For Discussion <input type="checkbox"/> For Information <input checked="" type="checkbox"/> Reserved Item of Business <input type="checkbox"/>	
Purpose: To provide information to the Committee on properties that the College leases from third parties.	
Linked to Strategic Aim:	
Linked to Annual Priority:	
Executive Summary: <p><u>Ellon – Ellon Academy Community Campus</u> The facility is leased from Aberdeenshire Council and forms an integral part of the new Ellon Academy Community Campus at Kellie Pearl Way, Cromleybank. The lease is for a period of 60 years from August 2015 and provides for termination each 5 years. The next possible termination date is July 2020.</p> <p>The College paid a capital contribution of £417,000 to Aberdeenshire Council under an agreement established in 2011. The lease provides for the College to pay rent (of £1, if asked), rates, maintenance, repairs and utilities costs.</p> <p><u>Inverurie – Crichtie Building, Inverurie Academy Campus</u> In 2009, the College entered into a lease with Aberdeenshire Council for Crichtie Cottage in the grounds of Inverurie Academy. The duration of the lease was 10 years, with a 'tenant's only' break clause after 5 years. In 2014, the College exercised its right to continue the lease to 31 July 2019.</p> <p>The College undertook improvement works of some £350,000 at the outset of the lease. The lease provides for the College to pay rent (of £1, if asked), rates, maintenance, repairs and utilities costs.</p> <p>Aberdeenshire Council is taking forward plans to develop a new Inverurie Academy Community Campus in the grounds of the existing Academy. The College has participated in discussions with Council officials on the creation of</p>	

facilities for the College within the new Campus. On this occasion, the College has made it clear that no cash contribution can be made to the construction costs or on-going revenue costs of the Campus.

Recommendation:

It is recommended that the Committee note the information provided in this report.

Previous Committee Recommendation/Approval (if applicable):

None

Equality Impact Assessment:

Positive Impact ☐

Negative Impact ☐

No Impact ☒

Evidence:

FINANCE & RESOURCES COMMITTEE	
Meeting of 24 January 2018	
Title: Procurement	
Author: Roddy Scott	Contributor(s): Colin Brodie, Purchasing Manager
Type of Agenda Item: For Decision <input type="checkbox"/> For Discussion <input type="checkbox"/> For Information <input checked="" type="checkbox"/> Reserved Item of Business <input type="checkbox"/>	
Purpose: To provide the Committee with information on matters relating to procurement.	
Linked to Strategic Aim: 3 To achieve maximum impact from the available resources	
Linked to Annual Priority:	
Executive Summary: The undernoted contracts of a value over £50,000 have been awarded since July 2017. Procurement / Contractor/Contract Value: <ul style="list-style-type: none"> Hospitality uniforms – E Russums - £77,498 HR & Payroll system – Northgate Arinso - £157,817 Marine motion simulator upgrade – Pisis - £270,000 Nursery services, Fraserburgh Campus – Link Up Fraserburgh Ltd - £145,889 <p>A procurement process is underway for waste management services, including disposal of clinical and confidential waste.</p> <p>Data on the College's spending profile in the past 3 years is attached as Appendix 1. The data cover spending with suppliers of goods, service and capital works. They show that the number of suppliers and transactions has fallen. This is line with the policy drivers set by the Scottish Government in legislation and regulation, such as the Procurement Reform (Scotland) Act 2014.</p>	
Recommendation: It recommended that the Committee note the contents of this report.	

Previous Committee Recommendation/Approval (if applicable):

Equality Impact Assessment:

Positive Impact ☐

Negative Impact ☐

No Impact ☒

Evidence:

North East Scotland College
Analysis of Spending

Academic Year 2014-15					
Supplier Location	No. of Suppliers	No. of Invoices	Value (ex VAT)	% of Suppliers	% of Spend
AB Postcodes	176	3,295	2,665,842	27%	20%
All Scotland	288	4,367	4,641,557	44%	35%
Non Scottish	365	5,566	8,614,105	56%	65%
All Suppliers	653	9,933	13,255,663		

Academic Year 2015-16					
Supplier Location	No. of Suppliers	No. of Invoices	Value (ex VAT)	% of Suppliers	% of Spend
AB Postcodes	166	3,046	2,661,427	27%	19%
All Scotland	272	4,145	4,564,940	44%	33%
Non Scottish	345	5,171	9,184,229	56%	67%
All Suppliers	617	9,316	13,749,169		

Academic Year 2016-17					
Supplier Location	No. of Suppliers	No. of Invoices	Value (ex VAT)	% of Suppliers	% of Spend
AB Postcodes	155	2,647	2,778,806	27%	18%
All Scotland	255	3,987	6,451,453	45%	41%
Non Scottish	318	4,965	9,134,117	55%	59%
All Suppliers	573	8,952	15,585,571		

Commentary

There has been a small shift away from local suppliers over the 3-year period. A more significant change has taken place in the balance of spending moving towards greater use of Scottish based suppliers.

Another notable change is the 14% drop in overall supplier numbers, which is a consequence of the Procurement Reform (Scotland) Act 2014.

FINANCE & RESOURCES COMMITTEE	
Meeting of 24 January 2018	
Title: A New Social Contract for Students: An Independent Review of Student Support in Scotland	
Author: Neil Cowie	Contributor(s):
Type of Agenda Item: For Decision <input type="checkbox"/> For Discussion <input type="checkbox"/> For Information <input checked="" type="checkbox"/> Reserved Item of Business <input type="checkbox"/>	
Purpose: To inform the Committee of the publication of 'A New Social Contract for Students – An Independent Review of Student Support in Scotland'.	
Linked to Strategic Aim: 2 To provide accessible programmes of study that lead to positive outcomes for students	
Linked to Annual Priority: 6 To deliver a one-stop-shop approach to services to students, improving access to learning and student support for learning	
Executive Summary: During 2017, the Scottish Government initiated an independent review of Further (FE) and Higher Education (HE) student financial support. The aim of the Review was to establish a student funding approach that was equitable, fair and supportive of all students throughout their respective learner journeys. The Independent Student Support Review Board was chaired by Jayne-Anne Gadhia (Chief Executive of Virgin Money). North East Scotland College (NESCol) was represented on a sub-group of Review Board, one whose remit was to focus on Information, Advice and Guidance and Financial Literacy, by the College's Vice Principal – Access & Partnerships. A report of the Review, 'A New Social Contract for Students' – Fairness, Parity and Clarity' was published on 20 November 2017. Within the report four areas and a set of recommendations have been identified. Broadly speaking these areas and recommendations are summarised below:	

- **Fair funding:** Should the New Social Contract gain Scottish Government approval students in both further and higher education will be entitled to a funding amount based on the Living Wage. This equates to a potential £8100 p.a.
- **Parity:** The possible introduction of such a financial entitlement introduces parity between students undertaking further and higher education programmes. Currently students in further education have no guaranteed entitlement to funding and no access to student loans.
- **Clarity:** For all students the New Social Contract recommends the introduction of a single, centralised portal of funding information giving consistent guidance and advice to all seeking funding information and support. For students attending college it is also recommended that local support within colleges be maintained in addition to any centralised portal.
- **Costs:** The New Social Contract recommends that the Scottish Government provides an equal split between bursaries and loans for the poorest students in further education. This would mean that further education students could potentially access a greater funding entitlement which, on the basis of the Review recommendation, would cost the Scottish Government in the region of £16m p.a.

The full Review report and recommendations can be viewed through the hyperlink provided below:

<http://www.gov.scot/Resource/0052/00527875.pdf>

As previously suggested, Scottish Ministers received the Review report on 20 November 2017. Information recently gained through the College's representation on the Scottish Funding Council's Further Education Student Support Advisory Group (FESSAG) suggests that the Scottish Government has yet to comment on the Review recommendations. This said, Colleges Scotland's recent Scottish Draft Budget 2018/19 Analysis indicates that the Scottish Government has set aside an additional investment of over £5 million for initial implementation of the findings of the Review.

Meanwhile the College will, in the new calendar year, be undertaking its own internal, wide-ranging Student Access and Support Review which is due to conclude by the end of February. The primary aim of this activity is to understand the extent to which the support services at College meet the needs of existing and prospective learners. By undertaking this review, the College is seeking to understand fully the extent to which existing student support services, including those for student funding, impact on learner access to College, learner needs, learner success and ultimately, the learner College experience.

Updates on both the aforementioned Reviews will be provided to the Committee once further information becomes available.

Previous Committee Recommendation/Approval (if applicable):

Recommendation: It is recommended that the Committee note the information provided.

Equality Impact Assessment:

Positive Impact ☐

Negative Impact ☐

No Impact ☒

Evidence: