NOTICE OF MEETING

There will be a meeting of the Finance and General Purposes Committee on Tuesday 15 July 2014, 0900-1000 hours in Room G10, Aberdeen City Campus.

MEMBERS OF THE BOARD OF MANAGEMENT
Mr. I Gossip (Chair)
Prof. J Harper
Ms. D Michie
Mr. K Milroy
Mr. D Rennie
Mr. A Smith
Mr. R Wallen

IN ATTENDANCE
Mr. R Scott, Vice Principal Finance
Ms. P May, Secretary to the Board of Management
Ms. P Kesson, Minute Secretary
Meeting of 15 July 2014

AGENDA

1. Apologies for Absence

2. Minute of Previous Meeting
   2.1. Meeting of 20 May 2014 (paper enclosed)

3. Matters arising from Minute of Previous Meeting
   3.1. To be raised at meeting

4. Report by the Principal (paper enclosed)

5. Matters for Discussion
   5.1. Reclassification (paper enclosed)
   5.2. Financial Systems (paper enclosed)
   5.3. Procurement (paper enclosed)
   5.4. Financial Memorandum with the SFC (paper enclosed)
   5.5. Leased Properties (paper enclosed)
   5.6. Programme of Business – Academic Year 2014-15 (paper enclosed)

6. Matters for Decision
   6.1. Project Governance, Estates Development, Fraserburgh Campus (paper enclosed)
   6.2. Review of Policies (paper enclosed)
   6.3. Letting Charges (paper enclosed)

7. Summation of Business and Date and Time of Next Meeting
Draft Minute of Meeting of 20 May 2014

The meeting commenced at 0900 hours.

PRESENT – I Gossip (Chair), J Harper, J McKendrick, D Michie, K Milroy, A Smith, R Wallen
IN ATTENDANCE – R Scott, P May, P Kesson, D Simpson (Mitie), E Buchan and D McBain (Arch Henderson)

1. Apologies for Absence
Apologies were received from D Cobban.

2. Matters for Decision
   2.1 Estates Masterplan, Fraserburgh Campus
The Committee considered a paper providing information on the latest version of the masterplan for the development of the Fraserburgh Campus.

Information was provided on the background to the establishment of the masterplan; the masterplan document prepared by Arch Henderson; affordability; and the next steps necessary to take forward the chosen option for the development of the Fraserburgh Campus.

Representatives from Arch Henderson provided a presentation to aid consideration of the masterplan.

Mr Scott advised that the masterplan would address legacy issues but would also prepare the College for the future.

Mr Scott informed Members that he had spoken with officials of the Scottish Funding Council (SFC) who had agreed that the planned work was a priority. The SFC had indicated that money might be made available in the current financial year, but Mr Scott pointed out that the bulk of the expenditure would fall in future financial years when it was not thought that funding would be available.

Mr Milroy stressed the need to go ahead with the masterplan as a priority but said the Board should continue to look to acquire funding to support the masterplan from the Scottish Government and the SFC. Mr Milroy added that he felt that the Board had to take some immediate decisions because of the environment the College is working in, and the level of investment that is required.

Members asked for reassurances on a number of issues, including, possible negative impacts on any future College developments or aspirations; alignment with the College’s future curriculum; unintended consequences; and the business case for the development.

The Committee noted that increasing capacity in technical subject areas will be particularly important in the light of the Wood Commission recommendations regarding vocational provision for school pupils, and that increased capacity for engineering provision is also a priority given the skills gap in the oil and gas industry and the high demand for College places on engineering courses.

Mr Wallen said that the masterplan would have no denigration on the quality of the delivery of the curriculum in Aberdeen.
In response to a query from Mr Smith, Mr Scott confirmed that the College’s capital plan contains provision for £4,000,000 to be spent on the refurbishment of areas of the Fraserburgh Campus that were outwith the scope of the ‘College 2012’ project, and added that the masterplan would require a further £4,000,000 to be sought from the NES Foundation.

The Committee agreed to support the masterplan following the provision of reassurances relating to the possible impacts of the development. It was also agreed that the implications of the Fraserburgh Campus Estates Masterplan would be considered at the meeting of the Board of Management scheduled for 23 June 2014.

Mr Gossip thanked the representatives of Arch Henderson for their presentation.

Mr Buchan, Mr McBain and Mr Simpson left the meeting at this time.

3. Minute of Previous Meeting
The Minute of meeting held on 18 March 2014 was approved.

4. Matters arising from Minute of Previous Meeting
There were no matters arising.

5. Reports by the Principal

5.1 Report by the Principal
The Committee noted a report providing information on SFC Grants for AY2014-15; Audited Financial Statements for 2012-13 and 2013-14; internal audit; over-clad and re-roof at Aberdeen City Campus; the former Balgownie Centre site; and facilities management at Fraserburgh Campus.

Mr Wallen provided additional information on the sale of the site of the former Balgownie Centre.

5.2 Post-merger Developments
The Committee noted a report providing information on post-merger developments in the College relevant to the Committee.

Information was provided on finance, infrastructure and estates issues.

Mr Wallen informed the Committee that time has been spent with stakeholders who were strongly opposed to the merger but who are now seeing the positive benefits of it. The Committee noted that the Estates Masterplan for the Fraserburgh Campus will also demonstrate the College’s commitment to maintaining the Fraserburgh Campus as one of the College’s key learning centres.

6. Matters for Discussion

6.1 Reclassification of Colleges as Central Government Bodies
The Committee considered a report providing information on the implications of the reclassification of colleges as central government bodies and on mitigating actions that have been or are planned to be taken.

Information was provided on training and support provided by the SFC to colleges; submission of two cash flow forecast returns to the SFC; work undertaken by the North East Scotland Foundation for Further Education; and insurance.
Mr Scott noted the recent Board training session “ONS Reclassification: What Board Members need to know”, and commented that the session had reconfirmed the information provided previously to the Board and its Committees.

The Committee noted the report and requested the Principal to follow up a response to a letter sent to the Scottish Government seeking clarification on insurance matters.

6.2 Financial Systems
The Committee considered and noted a report providing information on the current situation and progression of the project to implement unified financial systems for North East Scotland College.

6.3 Procurement
The Committee considered a report providing information on procurement.

Information was provided on a number of contracts that have been awarded since the last meeting of the Committee; and on the competitive tender process currently underway to appoint a provider of distance learning materials.

Mr Scott provided additional information on the contracts for catering and cleaning services.

The Committee noted the contents of the report.

6.4 Key Performance Indicators for Environmental Sustainability
The Committee considered a report providing information relating to environmental and sustainability issues in the College. It was noted that this information was previously considered by the HR Committee but that it had been agreed that the information was more closely aligned with matters considered by the Finance and General Purposes Committee.

Information was provided on the background and context to actions undertaken previously in the former Aberdeen College. It was noted that the original targets had been set based on the available data at the time, but that a refinement of collecting processes had since shown that some of the assumptions made at the time were incomplete. It was also noted that many things have changed within what was Aberdeen College, for example, the over-clad and re-roof of the Aberdeen City Campus.

Data were also provided on energy, water, vehicles and photocopying; waste production and segregation; the way forward; and revised targets.

After some discussion the Committee agreed to the adoption of the proposed revised targets relating to environmental and sustainability issues and agreed that a paper on the key performance indicators be presented to the Committee every six months.

7. Matters for Decision
7.1 North East Scotland Further Education Foundation – Application for Grant
The Committee considered information to assist it to make grant applications to the North East Scotland Further Education Foundation, an organisation established as part of the arrangements to mitigate the consequences of the reclassification of colleges as central government bodies on 01 April 2014.

After some discussion the Committee agreed to the request to make payment of grant in relation to the over-clad and re-roof project at Aberdeen City Campus, and to advise the Foundation of the change in the Board’s plans for the development of the Fraserburgh Campus.
7.2 Financial Regulations
The Committee considered the Board’s Financial Regulations.

Information was provided on the adoption of Financial Regulations; transition arrangements; the current situation; proposed operational amendment; and next review.

After some discussion the Committee noted the information provided in the report, and agreed to the deletion of paragraph 25, and the amendment of paragraph 12.8 in the Financial Regulations.

The Committee authorised the Committee Chair to approve any further amendments on their behalf.

Mr Gossip and Mr Scott will meet to consider the process to be followed in undertaking the next review of the Financial Regulations.

8. Summation of Business and date of next Meeting
The Secretary gave a summation of the business discussed. The next meeting of the Finance and General Purposes Committee is scheduled to take place on Tuesday 15 July 2014.

Reserved Items of Business

9. Matters for Discussion
  9.1 Financial Monitoring

10. Matters for Decision
  10.1 Procurement of Contracted Services
  10.2 College Debts

The meeting concluded at 1015 hours.
Report by the Principal

1. **Introduction**
   1.1. The purpose of this report is to provide information to the Committee.

2. **Audited Financial Statements – 2013-14**
   2.1. The external audit of the financial statements of Banff & Buchan College for the 3 months to 31 October 2013 has been completed and the results reported to the Audit Committee. The financial statements and the auditor’s report were adopted by the Board at its meeting on 23 June 2014.

   2.2. The external audit of the financial statements of Aberdeen Skills and Enterprise Training Limited has been completed and the Directors’ Report and Financial Statements for the 8 months to 31 March 2014 were adopted by the Board of Directors at its meeting on 24 June 2014.

   2.3. The external audit of the financial statements of the College has been completed and the results shall be reported to the Audit Committee at its meeting on 15 July 2014. The financial statements and the external auditor’s report shall be presented to the Board of Management for approval prior to submission to the Scottish Funding Council by 30 September 2014.

3. **Scottish Funding Council Letter of Guidance**
   3.1. Each year, as part of the process that leads to the determination of funding allocations to colleges, the Cabinet Secretary writes to the Chair of the SFC setting out the key priorities for the forthcoming academic year.

   3.2. Colleges were notified in June 2014 that the Cabinet Secretary intends to issue the SFC with its annual letter of guidance by mid-July this year.

   3.3. The letter of guidance will refer to indicative spending plan figures for SFC funding for the 2015-16 financial year and provide clarity to colleges about the government’s policy priorities.

4. **Over-clad and re-roof, Aberdeen City Campus**
   4.1. The project to over-clad and re-roof the Tower and East Blocks is proceeding well. The contract is on schedule to achieve programme completion in October 2014, as planned originally. The project is forecast to remain within budget.

5. **Site of the Former Balgownie Centre**
   5.1. The site is being marketed for sale. The closing date for offers has been set for 23 July 2014. J&E Shepherd and Burness Paull, the Board’s appointed legal advisors, shall advise the Board on the commercial and legal aspects of the sale and the evaluation of offers.

6. **Catering and Cleaning Services**
   6.1. The transition to the new catering service at the Fraserburgh Campus, is progressing according to plan. Aramark assumes responsibility for the service (from Sodexho) on 02 August 2014. Cleaning services at the Campus will continue to be provided by Sodexho, under a new contract specification, which takes effect from 02 August 2014.
6.2. Serveries at Altens (the Engine Room and Z Bar), City, Clinterty and Fraserburgh will be refurbished over the summer months. The refurbishment of the Skyliner restaurant at Altens will take place in October (the refurbishment is more extensive and more time is needed to finalise the design and scope of works than in available over the summer break).

7. Recommendation
7.1. It is recommended that the Committee note the contents of this report.

Rob Wallen
Principal
Reclassification

1. Introduction
   1.1. The purpose of this paper is to provide information to the Committee on matters related to the reclassification of colleges as central government bodies.

2. Scottish Funding Council Returns
   2.1. One consequence of the reclassification of colleges is that the Scottish Funding Council (SFC) pays grants to colleges on the basis of cash flow projections that are updated month-by-month during the financial year with the balance of funds being paid in the final month (March).

   2.2. At the time of writing, 4 monthly cash flow forecast returns have been submitted. It is indicative of the challenges facing the SFC that the format of the cash flow forecast has changed in each of the last 4 months.

   2.3. It is understood that the Scottish Government official that has been seconded to the SFC to support transitional arrangements will finish his secondment in September 2014.

   2.4. The SFC has yet to establish a settled pattern of operation. It is likely that further issues will emerge during the year and that it will take the completion of one full financial year before the practical implications of reclassification are evident and understood.

   2.5. The SFC has asked colleges to submit a ‘quarterly resource return’ with the purpose of collecting information on colleges’ quarterly resource position in line with Scottish Government and HM Treasury requirements. Further returns shall be required in October 2014, and January, February and March 2015.

3. Insurance
   3.1. The SFC has confirmed that colleges are allowed to renew insurances on the expiry of current insurance cover and action is being taken to put the necessary insurance covers in place for the year to 31 July 2015.

   3.2. Colleges Scotland is continuing its work to prepare the business case in support of colleges carrying insurance as they do currently. (A copy of recent correspondence with the Scottish Government is attached as an appendix to this paper.)

4. Recommendation
   4.1. It is recommended that the Committee note the information provided in this paper.

Rob Wallen    Roddy Scott
Principal    Vice Principal - Finance
13 June 2014

Ms Eleanor Emberson  
Director of Financial Strategy and Head of Revenue Scotland  
Room 3B-45  
Victoria Quay  
Edinburgh  
EH6 6QQ

Dear Ms Emberson

It was good to meet you at the ACSEF event on Monday. I hope that your journey back south was untroubled.

We spoke about the issue of commercial insurance vs "self-insurance".

In our case we have had commercial insurance with the UMAL (Universities Mutual Assurance Limited) which as its name suggests is not profit making (in that it is a mutual) and focused on the education sector.

For us the premiums have been some £250k per annum and we have considered them to be exceptionally good value. The coverage is comprehensive. The response when incidents have occurred has been first class in terms of rapidity and supportiveness. The advice tendered on an ongoing basis to help us reduce the risks of any incidents (which is obviously of benefit both the College and UMAL) has been invaluable. It is also the case that in recent years the amount we have received for claims made has been greater than the sums paid in premiums.

Our overall concern regarding the prospect of not being any longer able to organise such insurance relates in general to the question as to how rapid the response would be in the case of a major event if we are reliant on the "self-insurance" model. However, our greatest concern relates to our College company, ASET. As I explained when we met ASET is a purely commercial company which we have created in order to deliver commercial training. It has been highly successful and has, on the one hand, been important in allowing us to balance our annual revenue budgets (without its profits the College would be in operating deficit), and on the other hand has allowed us to build up reserves (now transferred to a foundation) which have been used to maintain and upgrade our estate.

ASET is dependent on the use of College-owned premises and facilities, which it leases from the College. One of these is the AbCol oil production platform facility which provides a hig-tec training environment for offshore oil and gas process technicians – it has all of the hardware of an offshore facility so that students can physically manipulate the plant's components as well as an industry-standard digital control system. If this facility were destroyed the replacement cost would be in many millions of pounds. Without this facility (and other similar high-tec facilities) the company's ability to deliver would be hugely damaged. Under current arrangements the plant is insured and we have the certainty that it would be replaced by the insurers. In an environment of self-insurance we would need certainty that the Scottish Government would prioritise the placement of this plant (presumably over other claims on its funds). Under current arrangements we are also insured for 'business interruption' and 'increased cost of working' in the event that we could no longer use the plant. If such insurances were not available to us, in the event that we could not use the plant we would require additional funding from Government to compensate for the lost profits from our commercial activity, (which are of course included in our budgetary forecasts).
It is equally the case that without being able to demonstrate adequate insurance (for example relating to public liability) the company would be severely constrained in its ability to tender for work in the future.

For these reasons we have been pressing the case for being allowed to continue with insurance of the form that we currently have through UMAL.

I would be interested to learn your views on this matter.

Yours sincerely

[Signature]

Rob Wallen
Principal
Financial Systems

1. Introduction
   1.1. The purpose of this report is to provide information to the Committee on work to implement unified financial systems for North East Scotland College.

2. Background
   2.1. At the meetings of the Board, Audit Committee and Finance & General Purposes Committee held since November 2013, reports have been presented on the progression of the project to create unified financial systems to meet the needs of the College.

   2.2. Information has been provided on project management structures established to achieve the successful delivery of project milestones that had been established to support the achievement of planned outcomes. Over time, more detail has been added to project timelines and the overall programme has matured generally.

3. Current Situation and Progress
   3.1. The unified financial system operated by the College, that was introduced on 01 April 2014, migrated successfully to the latest version of Sun Accounts on 01 June 2014. The financial system used by ASET migrated successfully to the latest version of Sun Accounts on 14 June 2014.

   3.2. The PECOS automated procurement system that was introduced across all College campuses continues to operate successfully and has integrated successfully with Sun Accounts.

   3.3. A unified payroll system – based upon Team Spirit software – has been introduced. Payrolls for the College and ASET were processed successfully in April, May and June 2014. ASET’s payroll administration will migrate to automated workflows for variable data (such as overtime and expenses) with effect from 01 July 2014.

   3.4. As planned, further work is being undertaken to complete the commissioning of these systems. The programme of work remains on schedule and cost is forecast to remain within budget.

   3.5. A programme of workshops for senior staff and budget holders is being undertaken. The workshops have proved to be successful by ensuring that staff roles and responsibilities have been made clear so that the new system operates on firm foundations. The next phase of workshops will be used to further develop processes and procedures.

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

Rob Wallen    Roddy Scott
Principal    Vice Principal - Finance
Procurement

1. Introduction

1.1. The purpose of this report is to provide information to the Committee on recent procurement activities and changes to the regulatory framework for procurement.

2. Background

2.1. At its meeting on 10 February 2014, the Board of Management considered matters relating to procurement and in particular the role of the (former) Contracts Committee.

2.2. The Board decided that the Contracts Committee be dissolved and that, as part of the Board’s arrangements for effective governance and oversight, the results of procurement processes for the award of contracts over £50,000 in value shall be reported to the Finance and General Purposes Committee.

3. Contracts Awarded

3.1. A number of contracts have been awarded since the last meeting of the Finance and General Purposes Committee. These are set out in the table below:

<table>
<thead>
<tr>
<th>Procurement</th>
<th>Contractor</th>
<th>Contract Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Workshop Refurbishment, Fraserburgh Campus</td>
<td>Chap Construction</td>
<td>£522,238</td>
</tr>
<tr>
<td>2) Laptop computers for staff use</td>
<td>BT Business Direct</td>
<td>£99,882</td>
</tr>
<tr>
<td>3) Electronic document scanning and management system</td>
<td>V1 Ltd</td>
<td>£43,597</td>
</tr>
</tbody>
</table>

4. Procurement Reform (Scotland) Act 2014

4.1. The Act received Royal Assent on 17 June 2014 and its provisions are expected to take effect at the end of 2015. It provides additional powers for Scottish Ministers in relation to public sector procurement.

4.2. The Scottish Government sees the Act as a significant element of a legislative framework for sustainable public procurement, which is intended to maximise the economic benefit brought to Scotland from effective and efficient public procurement spending.

5. Impact on Colleges

5.1. Scottish further education colleges are within the scope of the Public Contracts (Scotland) Act 2012. A consequence of this is that colleges are deemed to be ‘public sector contracting authorities’ for the purposes of EU regulation.

5.2. Until the commencement of the 2014 Act, the situation in the rest of the UK had been the same as that in Scotland.

5.3. A more relaxed EU procurement regulatory regime is due to come into place in 2015. In addition, changes are being introduced in England that have the effect of making virtually all English universities and most FE colleges exempt from the requirement to comply with EU regulation on procurement.
5.4. Research published by APUC (the national procurement organisation for colleges and universities in Scotland) indicates that cost savings of c.10% will accrue to English institutions that are exempt from the requirement to comply with EU regulations. This is because they are expected to obtain significantly better value for money in a less bureaucratic environment, which allows for actions such as post-tender negotiation.

5.5. The 2014 Act introduces a significant compliance burden upon colleges. Prior to the Act, colleges followed EU-compliant processes where contract values were over £172,000 for services or £4,322,000 for works. The Act creates a requirement to follow such processes when spending on a service or works is expected to be above £50,000 over a 4-year period.

5.6. Colleges are also required to use the Scottish Government’s ‘Public Contracts Scotland’ website for all procurement. Colleges must publish a register of contracts over £25,000 and provide data on procurement spending to the Scottish Government. North East Scotland College is a member of the Crescent Purchasing Consortium, which is based in England. We shall be prohibited from using the services of the Consortium once the provisions of the 2014 Act become effective.

5.7. This additional burden can be avoided if colleges use framework contracts established by the Scottish Government’s purchasing department, which will require to be strengthened to undertake its new role.

6. Recommendation

6.1. It is recommended that the Committee note the contents of this report.

Rob Wallen
Principal

Roddy Scott
Vice Principal - Finance
Financial Memorandum with the SFC

1. Introduction
   1.1. The purpose of this paper is to provide information to the Committee on the new Financial Memorandum (FM), which the Scottish Funding Council (SFC) intends to introduce from 01 August 2014.

2. Background
   2.1. In May 2014, the SFC issued an addendum to the FM with colleges, which is effective in the period from 01 April to 31 July 2014.

   2.2. The SFC has issued a draft FM that, it is intended, will be effective from 01 August 2014. The document gives effect to the changed financial accountabilities and requirements that are the consequence of reclassification, which have been brought to the attention of the Board. The FM has been circulated to Members under separate cover.

   2.3. The FM sets out the requirement on the Board of Management to ensure that the College complies with the terms of the document. (This is a condition of receiving grant funding from the SFC.)

   2.4. The FM refers to the terms of the Scottish Public Finance Manual (SPFM) and makes clear that the SPFM takes precedence over the FM where the terms conflict with each other.

   2.5. It might be argued that the additional controls and bureaucracy inherent in new approval processes and increased reporting requirements place additional burdens on colleges that are of little benefit to the student experience. The document focuses on compliance rather than on partnership working between the SFC and colleges.

3. Compliance with the SPFM
   3.1. The SFC has issued to colleges a compliance checklist that has been prepared by Grant Thornton. A copy of the checklist is attached as an appendix to this paper. It demonstrates the extent to which the College is compliant with the requirements of the SPFM.

4. Financial Regulations
   4.1. The College’s Financial Regulations have been revised to reflect the provisions of the FM – both the version current as at 01 July 2014 and the draft version that is to be introduced on 01 August 2014.

5. Recommendation
   5.1. It is recommended that the Committee consider the information provided in this report.

Rob Wallen    Roddy Scott
Principal    Vice Principal - Finance
The Scottish Public Finance Manual (SPFM) is issued by the Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. It sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for economy, efficiency and effectiveness, and promotes good practice and high standards of propriety.

The guidance contained in the SPFM should be regarded as applicable guidance by all bodies the accounts of which are subject to audit by the Auditor General for Scotland as a result of any enactment or prerogative instrument. This includes bodies sponsored/ supported by the Scottish Parliament Corporate Body i.e. Non-Departmental Public Bodies.

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Compliant</th>
<th>Source of Evidence/Notes/ Action Required</th>
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<tbody>
<tr>
<td><strong>Audit Committee</strong></td>
<td></td>
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</tr>
<tr>
<td>Does the Body have an Audit Committee with at least 3 independent members?</td>
<td>Yes</td>
<td>Board governance manual</td>
</tr>
<tr>
<td>Is the chair of the Audit Committee a non-executive director?</td>
<td>Yes</td>
<td>Board governance manual</td>
</tr>
<tr>
<td><strong>Role and Remit of the Committee</strong></td>
<td></td>
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</tr>
<tr>
<td>• Does the audit committee have written terms of reference?</td>
<td>Yes</td>
<td>Board governance manual</td>
</tr>
<tr>
<td>• Do the terms of reference cover the core functions of an audit committee as identified in the SG Audit Committee Handbook?</td>
<td>Yes</td>
<td>Board governance manual</td>
</tr>
<tr>
<td>• Are the terms of reference approved by the audit committee and reviewed periodically?</td>
<td>Yes</td>
<td>Approved by the Board of Management</td>
</tr>
<tr>
<td>• Has the audit committee been provided with sufficient membership, authority and resources to perform its role effectively and independently?</td>
<td>Yes</td>
<td>Board governance manual</td>
</tr>
<tr>
<td>• Does the body's statement on internal control mention the audit committee's establishment and its broad purpose?</td>
<td>Yes</td>
<td>Audited financial statements</td>
</tr>
<tr>
<td>• Does the audit committee periodically assess its own effectiveness?</td>
<td>Yes</td>
<td>Self evaluation undertaken by the Board of Management</td>
</tr>
<tr>
<td><strong>Membership, induction and training</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Has the membership of the audit committee been formally agreed by the management board and or Accountable Officer and a quorum set?</td>
<td>Yes</td>
<td>Board governance manual</td>
</tr>
<tr>
<td>• Are members appointed for a fixed term?</td>
<td>Yes</td>
<td>Board governance manual</td>
</tr>
<tr>
<td>• Does at least one of the audit committee members have a financial background?</td>
<td>Yes</td>
<td>This is not a requirement of the Committee's terms of reference.</td>
</tr>
<tr>
<td>• Are all members, including the chair, independent of the executive function?</td>
<td>Yes</td>
<td>Board governance manual</td>
</tr>
<tr>
<td>• Are new audit committee members provided with an appropriate induction?</td>
<td>Yes</td>
<td>Policy on the induction of Members</td>
</tr>
<tr>
<td>• Has each member formally declared his or her business interests?</td>
<td>Yes</td>
<td>Board governance manual</td>
</tr>
<tr>
<td>• Are members sufficiently independent of the other key committees of the Board?</td>
<td>Yes</td>
<td>Board governance manual</td>
</tr>
<tr>
<td>• Has the audit committee considered the</td>
<td>Yes</td>
<td>Board governance manual</td>
</tr>
<tr>
<td>Agenda Item 5.4 Appendix 1</td>
<td></td>
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</table>

### Meetings

- Does the audit committee meet regularly, at least four times a year? | Yes |
- Do the terms of reference set out the frequency and broad timing of meetings? | Yes |
- Does the audit committee calendar meet the body’s business and governance needs, as well as the requirements of the financial reporting calendar? | Yes |
- Are members attending meetings on a regular basis and if not, is appropriate action taken? | Yes |
- Does the Accountable Officer attend all meetings and, if not, is he/she provided with a record of discussions? | Yes |
- Does the audit committee have the benefit of attendance of appropriate officials at its meetings, including representatives from internal audit, external audit and finance? | Yes |

<table>
<thead>
<tr>
<th>Board governance manual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported to the Board as part of the Committee's annual report</td>
</tr>
<tr>
<td>Minutes of meetings are circulated to all Members</td>
</tr>
<tr>
<td>This is considered by the Board of Management as part of the self-evaluation of the Board’s activities.</td>
</tr>
</tbody>
</table>

### Internal Control

- Does the audit committee consider the findings of annual reviews by internal audit and others, on the effectiveness of the arrangements for risk management, control and governance? | Yes |
- Does the audit committee consider the findings of reviews on the effectiveness of the system of internal control? | Yes |
- Does the audit committee have responsibility for review of the draft Statement on Internal Control (SIC) and does it consider it separately from the accounts? | Yes |
- Does the audit committee consider how accurate and meaningful the SIC is? | Yes |
- Does the audit committee satisfy itself that the arrangements for risk management, control and governance have operated effectively throughout the reporting period? | Yes |
- Has the audit committee considered how it should coordinate with other committees that may have responsibility for risk management and corporate governance? | Yes |
- Has the audit committee satisfied itself that the body has adopted appropriate arrangements to counter and deal with fraud? | Yes |
- Has the audit committee been made aware of the role of risk management in the preparation of the internal audit plan? | Yes |
- Does the audit committee’s terms of reference include oversight of the risk management process? | Yes |
- Does the audit committee consider assurances provided by senior staff? | Yes |
- Does the audit committee receive and consider stewardship reports from senior staff in key business areas such as Finance, HR and ICT? | Not applicable |

| The equivalent document for colleges is the ‘Statement of Corporate Governance and Internal Control’. It is an integral part of the financial statements, the format of which is set by the SFC. |
| The equivalent document for colleges is the ‘Statement of Corporate Governance and Internal Control’. It is an integral part of the financial statements, the format of which is set by the SFC. |
| This is considered by the Board of Management as part of the self-evaluation of the Board’s activities. |
| Considered as part of setting the annual internal audit plan. |
| Board governance manual |
| Reports on audit reviews contain management responses where appropriate |
| Colleges are required by the SFC to follow a different approach to performance reporting. |

### Financial Reporting and Regulatory Matters

- Yes | Board governance manual |
### Agenda Item 5.4

#### Appendix 1

<table>
<thead>
<tr>
<th>Question</th>
<th>Response</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is the audit committee’s role in the consideration of the annual accounts clearly defined?</td>
<td>Yes</td>
<td>Board governance manual</td>
</tr>
<tr>
<td>Does the audit committee consider, as appropriate:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o the suitability of accounting policies and treatments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o major judgements made</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o large write-offs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o changes in accounting treatment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o the reasonableness of accounting estimates</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o the narrative aspects of reporting?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Is an audit committee meeting scheduled to receive the external auditor’s report to those charged with governance including a discussion of proposed adjustments to the accounts and other issues arising from the audit?</td>
<td>Yes</td>
<td>Board governance manual</td>
</tr>
<tr>
<td>Does the audit committee review management’s letter of representation?</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Does the audit committee gain an understanding of management’s procedures for preparing the body’s annual accounts?</td>
<td>Yes</td>
<td>Provided as part of the set of papers considered in approving audited financial statements</td>
</tr>
<tr>
<td>Does the audit committee have a mechanism to keep it aware of topical legal and regulatory issues?</td>
<td>Yes</td>
<td>Information is provided to Members as part of the Board’s development activities and the routine conduct of business.</td>
</tr>
</tbody>
</table>

**Internal Audit**

<table>
<thead>
<tr>
<th>Question</th>
<th>Response</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does the Head of Internal Audit attend meetings of the audit committee?</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Does the audit committee approve, annually and in detail, the internal audit plans including consideration of whether the scope of internal audit work addresses the body’s significant risks?</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Does internal audit have a direct reporting line, if required, to the audit committee?</td>
<td>Yes</td>
<td>Board governance manual</td>
</tr>
<tr>
<td>As well as an annual report from the Head of Internal Audit, does the audit committee receive progress reports from the internal audit service?</td>
<td>Yes</td>
<td>Wylie and Bisset, the internal audit service provider, present these reports.</td>
</tr>
<tr>
<td>Are outputs from follow-up audits by internal audit monitored by the audit committee and does the committee consider the adequacy of implementation of recommendations?</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>If considered necessary, is the audit committee chair able to hold private discussions with the Head of Internal Audit?</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Is there appropriate co-operation between the internal and external auditors?</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Does the audit committee review the adequacy of internal audit staffing and other resources?</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Are internal audit performance measures monitored by the audit committee?</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Has the audit committee considered the information it wishes to receive from internal audit?</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Do formal terms of reference exist defining internal audit’s objectives, responsibilities, authority and reporting lines?</td>
<td>Yes</td>
<td>Engagement letter with internal audit service provider</td>
</tr>
</tbody>
</table>
### External Audit

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does the external audit representative attend meetings of the audit committee?</td>
<td>Yes</td>
<td></td>
<td>This is the representative of Audit Scotland, the appointed external auditor.</td>
</tr>
<tr>
<td>Do the external auditors present and discuss their audit plans and strategy with the audit committee (recognising the statutory duties of external audit)?</td>
<td>Yes</td>
<td></td>
<td>Reports presented by the external auditor.</td>
</tr>
<tr>
<td>Does the audit committee chair hold periodic private discussions with the external auditor?</td>
<td>Yes</td>
<td></td>
<td>Procedure adopted by the Committee provides for an annual meeting to be held without officers being present</td>
</tr>
<tr>
<td>Does the audit committee review the external auditor's annual report to those charged with governance?</td>
<td>Yes</td>
<td></td>
<td>Committee agenda, papers and minutes</td>
</tr>
<tr>
<td>Does the audit committee ensure that officials are monitoring action taken to implement external audit recommendations?</td>
<td>Yes</td>
<td></td>
<td>Committee agenda, papers and minutes</td>
</tr>
<tr>
<td>Are reports on the work of external audit presented to the audit committee?</td>
<td>Yes</td>
<td></td>
<td>Committee agenda, papers and minutes</td>
</tr>
<tr>
<td>Does the audit committee assess the performance of external audit?</td>
<td>Yes</td>
<td></td>
<td>Reported to the Board as part of the Committee’s annual report</td>
</tr>
<tr>
<td>Does the audit committee consider the external audit fee?</td>
<td>Yes</td>
<td></td>
<td>Committee agenda, papers and minutes</td>
</tr>
</tbody>
</table>

### Administration

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does the audit committee have a designated secretariat?</td>
<td>Yes</td>
<td></td>
<td>The Secretary to the Board of Management provides the Committee with this service.</td>
</tr>
<tr>
<td>Are agenda papers circulated in advance of meetings to allow adequate preparation by audit committee members?</td>
<td>Yes</td>
<td></td>
<td>Agenda and papers are made available 7 days in advance of Committee meetings</td>
</tr>
<tr>
<td>Do reports to the audit committee communicate relevant information at the right frequency, time, and in a format that is effective?</td>
<td>Yes</td>
<td></td>
<td>Reported to the Board as part of the Committee’s annual report</td>
</tr>
<tr>
<td>Does the audit committee issue guidelines and/or a pro forma concerning the format and content of the papers to be presented?</td>
<td>No</td>
<td></td>
<td>The Committee agrees the format of reports with the College’s internal and external auditors.</td>
</tr>
<tr>
<td>Are minutes prepared and circulated promptly to the appropriate people, including all members of the Board?</td>
<td>Yes</td>
<td></td>
<td>Reported to the Board as part of the Committee’s annual report</td>
</tr>
<tr>
<td>Is a report on matters arising presented or does the chair raise them at the audit committee’s next meeting?</td>
<td>Yes</td>
<td></td>
<td>This forms part of the business of each meeting of the Committee</td>
</tr>
<tr>
<td>Do action points indicate who is to perform what and by when?</td>
<td>Yes</td>
<td></td>
<td>Action points in audit reports state the name of the person responsible for implementation</td>
</tr>
<tr>
<td>Does the audit committee provide an effective annual report on its own activities?</td>
<td>Yes</td>
<td></td>
<td>Consideration and acceptance of the Committee’s report by the Board of Management</td>
</tr>
</tbody>
</table>

### Overall

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does the audit committee effectively contribute to the overall control environment of the organisation?</td>
<td>Yes</td>
<td></td>
<td>Self evaluation undertaken by the Board of Management</td>
</tr>
<tr>
<td>Are there any areas where the audit committee could improve upon its current level of effectiveness?</td>
<td>See comment</td>
<td></td>
<td>The role and activities of the Committee are evaluated as part of the Board’s self-evaluation of itself and its Committees.</td>
</tr>
<tr>
<td>Does the audit committee seek feedback on its performance from the Board and Accountable Officer?</td>
<td>See comment</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Banking

<table>
<thead>
<tr>
<th>Question</th>
<th>No</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are core bank accounts held with the Government Banking Service?</td>
<td>No</td>
<td>Banking services are provided under contracts established before ‘reclassification’ on 1 April 2014. These</td>
</tr>
</tbody>
</table>
## Agenda Item 5.4
### Appendix 1

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes/No</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are appropriate steps taken to prevent fraud on their bank accounts and transactions?</td>
<td>Yes</td>
<td>The Board has adopted a policy on the prevention of fraud and programmes of audit work test the effectiveness of internal controls.</td>
</tr>
<tr>
<td>Are payments made by the most economical and secure method available e.g. preferably Citibank internal transfer or BACS?</td>
<td>Yes</td>
<td>Financial regulations and procedures.</td>
</tr>
<tr>
<td>Are two signatories required to authorise any payments?</td>
<td>Yes</td>
<td>Financial regulations and procedures.</td>
</tr>
<tr>
<td>Are bank statements reconciled to the body's accounting records at least monthly?</td>
<td>Yes</td>
<td>Financial regulations and procedures.</td>
</tr>
<tr>
<td>Are banking operations regularly reviewed- a biennial review would normally be appropriate?</td>
<td>Yes</td>
<td>Financial regulations and procedures.</td>
</tr>
</tbody>
</table>
| For Commercial Banks:  
  - Was the bank account opened only due to a distinctive business need that could not be met by the GBS bank account or for a separate contractual reason? | No | Banking services are provided under contracts established before 'reclassification' on 1 April 2014. |
  
  - Has the account been opened in the name of the body concerned? | Yes | Financial regulations. |
  
  - Are balances kept to a minimum consistent with the principles of not providing funding in advance of need? | Yes | This has been the case since 1 April 2014. |
| Bankruptcy | No | |
| Has the body had any dealings with an individual or firm who have gone bankrupt in the year? If yes:  
  - Were all payments stopped pending confirmation?  
  - Was any subsequent payment made to the appropriate person?  
  - Were appropriate claims lodged? | | |
| Borrowing, Lending and Investment | | |
| Does the body have any borrowed funding? If yes:  
  - Is the body a sponsored body per the definition in the SPFM?  
  - Is this borrowing from Scottish Ministers?  
  - Is the borrowing in line with the terms and conditions set out in the body's framework document? | Yes | Borrowings were entered into under contracts established before 'reclassification' on 1 April 2014.  
  
  - The College is treated as an extension of the Scottish Funding Council in relation to the SPFM.  
  
  - The borrowing is from Bank of Scotland.  
  
  - The College complies with the provisions of the financial memorandum between the Board and the SFC. No framework document has been provided to the College. The borrowing pre-dates reclassification. |
| Has the body loaned any funds to another body? If yes:  
  - Is the lending in line with the terms and conditions set out in the body's framework document?  
  - Was appropriate due diligence undertaken including a formal assessment of the borrower's financial standing and ability to satisfy the terms of the loan? | No | |
<p>| Governance Statement and Certificates of Assurance | Not applicable | The governance and control environments for Scottish colleges are set out in Acts of the UK and Scottish Parliaments and other requirements set by the SFC. |</p>
<table>
<thead>
<tr>
<th>Agenda Item 5.4</th>
<th>Appendix 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have relevant finance officials and internal auditors been consulted when preparing the certificates of assurance?</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Has the Internal Control checklist been completed in full and with due diligence?</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Was the certificate of assurance commissioned with appropriate time to allow considered completion and inclusion within the financial statements?</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Does the governance statement include the following essential features:</td>
<td>The equivalent document for colleges is the ‘Statement of Corporate Governance and Internal Control’. It is an integral part of the financial statements, the format of which is set by the SFC.</td>
</tr>
<tr>
<td>• the governance framework of the organisation, including information about the committee structure of the governing board (or equivalent) and the coverage of its work;</td>
<td></td>
</tr>
<tr>
<td>• the operation of the governing board (or equivalent) during the period;</td>
<td></td>
</tr>
<tr>
<td>• an assessment of corporate governance with reference to compliance with generally accepted best practice principles and relevant guidance*, and explanations where a different approach has been adopted;</td>
<td></td>
</tr>
<tr>
<td>• an assessment of the organisation’s risk management arrangements and risk profile, including, subject to a public interest test, details of significant risk-related matters arising during the period;</td>
<td></td>
</tr>
<tr>
<td>• a record of any written authorities provided to the Accountable Officer; and</td>
<td></td>
</tr>
<tr>
<td>• details of any significant lapses of data security.</td>
<td></td>
</tr>
</tbody>
</table>

**Delegated Authority**

<table>
<thead>
<tr>
<th>Has the body established and documented internal delegated authority arrangements?</th>
<th>Yes</th>
<th>Board governance manual and financial regulations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Has all funding incurred been utilised within the scope of the delegated authority of the framework document with the Scottish Government?</td>
<td>Yes</td>
<td>The College complies with the provisions of the financial memorandum between the Board and the SFC. No framework document has been provided to the College.</td>
</tr>
<tr>
<td>Has appropriate approval been sought for items where authority cannot be delegated? i.e. Novel or contentious items such as compensation schemes for severance.</td>
<td>Yes</td>
<td>The College complies with the provisions of the financial memorandum between the Board and the SFC. No framework document has been provided to the College.</td>
</tr>
</tbody>
</table>

**EU Funding**

| Has the sponsoring unit within the Scottish Government been made aware of all potential EU funding? | Yes | Financial memorandum between the Board and the SFC. |

**Expenditure and Payments**

<table>
<thead>
<tr>
<th>Has expenditure been incurred in a way which represents value for money, taking into account potential risks to regularity and propriety?</th>
<th>Yes</th>
<th>Establishment and fulfilment of the programme of external and internal audit work approved by the Committee. Financial regulations and procedures.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is there an effective control system over payments?</td>
<td>Yes</td>
<td>Establishment and fulfilment of the programme of external and internal audit work approved by the Committee. Financial regulations and procedures.</td>
</tr>
<tr>
<td>Is expenditure authorised in the operational area which entered into the commitment?</td>
<td>Yes</td>
<td>Establishment and fulfilment of the programme of external and internal audit work approved by the Committee. Financial regulations and procedures.</td>
</tr>
<tr>
<td>Is there due consideration over separation of duties with no one person able to control all aspects of the payment authorisation process?</td>
<td>Yes</td>
<td>Establishment and fulfilment of the programme of external and internal audit work approved by the Committee. Financial regulations and procedures.</td>
</tr>
</tbody>
</table>
### Agenda Item 5.4
#### Appendix 1

<table>
<thead>
<tr>
<th>Topic</th>
<th>Yes/No</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are there desk instructions covering the arrangements for entering into commitments and for approving and processing the resultant payments?</td>
<td>Yes</td>
<td>Policy on the prevention of fraud and fraud response procedure</td>
</tr>
<tr>
<td>Have payments been made promptly within the Scottish Government target of 10 working days for payment of invoices?</td>
<td>No</td>
<td>This target has been adopted, however the payment period is different where there are separate contractual agreements with suppliers.</td>
</tr>
<tr>
<td>Fraud</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Has the organisation made a clear commitment to the ethical standards in public life and developed a fraud policy to communicate their approach to fraud?</td>
<td>Yes</td>
<td>Code of conduct in Board governance manual, policy on the prevention of fraud</td>
</tr>
<tr>
<td>Is there a mechanism in place for reporting suspicions of fraud?</td>
<td>Yes</td>
<td>Policy on the prevention of fraud</td>
</tr>
<tr>
<td>Is there a fraud response plan in place to ensure that timely and effective action is taken in the event of a fraud?</td>
<td>Yes</td>
<td>Fraud response plan</td>
</tr>
<tr>
<td>When devising new control systems or changing existing procedures have the finance function and internal audit been consulted?</td>
<td>Yes</td>
<td>The finance team reviews new systems of financial control. Internal audit programme includes review of new control systems.</td>
</tr>
<tr>
<td>Insurance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Is the body a self-insuring sponsored body?</td>
<td>Yes/No</td>
<td></td>
</tr>
<tr>
<td>If yes has any commercial insurance taken out been approved by the relevant SG Finance Business Partner?</td>
<td>Yes/Yes</td>
<td>The Scottish Government has permitted Scottish colleges to continue to commercial insurance arrangements into 2015. (In the case of NESCol, arrangements shall continue to 31 July 2015)</td>
</tr>
<tr>
<td>Where there is a legal requirement to take out commercial insurance has the body taken out a policy?</td>
<td>Yes</td>
<td>Insurance schedule produced by College insurer.</td>
</tr>
<tr>
<td>Losses and Special Payments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Are losses written off in line with the delegated authority in the framework document?</td>
<td>Yes</td>
<td>The College complies with the provisions of the financial memorandum between the Board and the SFC. No framework document has been provided to the College.</td>
</tr>
<tr>
<td>Have any losses in excess of the delegated authority been submitted to the Finance Business Partner for approval?</td>
<td>No</td>
<td>The College complies with the provisions of the financial memorandum between the Board and the SFC. No Finance Business Partner has been notified to the College.</td>
</tr>
<tr>
<td>Have losses or special payments only been authorised after careful consideration of the facts and all reasonable action taken?</td>
<td>Yes</td>
<td>The College complies with the provisions of the financial memorandum between the Board and the SFC. No framework document has been provided to the College.</td>
</tr>
<tr>
<td>Are any cumulative losses or special payments exceeding £250,000 disclosed in notes to the accounts, with individual losses breaching this threshold noted separately?</td>
<td>Not applicable</td>
<td></td>
</tr>
<tr>
<td>Major Investment Projects</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Have there been any major investment projects i.e. those with a total budget of £5m upwards?</td>
<td>Yes</td>
<td>Project to over-clad and re-roof the Tower and East Blocks, Aberdeen City Campus.</td>
</tr>
<tr>
<td>If yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Has an appropriate Senior Responsible Officer been appointed?</td>
<td>Yes</td>
<td>The College has fulfilled the requirements of the SFC document 'Capital projects gateway approval process'.</td>
</tr>
<tr>
<td>• Are all project roles and responsibilities agreed and documented in formal letters of appointment?</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>• Have the Accountable Officers and Ministers been informed of any developments that could undermine the business case for the project?</td>
<td>Not applicable</td>
<td>There have been no developments that...</td>
</tr>
</tbody>
</table>
| Agenda Item 5.4  
Appendix 1 |
<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assessment Form been completed?</strong></td>
</tr>
<tr>
<td><strong>Maladministration</strong></td>
</tr>
<tr>
<td>Has the organisation got clear standards for their performance?</td>
</tr>
<tr>
<td>Is there a clear accessible complaints procedure in place together with appropriate redress for the user of the services when something goes wrong?</td>
</tr>
<tr>
<td>If there has been a deficiency found with the service, have they been addressed to prevent recurrence?</td>
</tr>
<tr>
<td><strong>Management of Assets</strong></td>
</tr>
<tr>
<td>Do the organisation have an asset register?</td>
</tr>
<tr>
<td>Are systems in place for the management of stores and equipment?</td>
</tr>
<tr>
<td><strong>Non-Salary Rewards</strong></td>
</tr>
<tr>
<td>Is there a non-salary reward scheme in place?</td>
</tr>
<tr>
<td>If yes:</td>
</tr>
<tr>
<td>• Was consideration given as to whether this represented an appropriate use of public funds?</td>
</tr>
<tr>
<td>• Is there adequate disclosure about the awards which have been made and the procedures for making those awards?</td>
</tr>
<tr>
<td>• Have the SG Pay Policy Team been consulted regarding the scheme?</td>
</tr>
<tr>
<td>• Have the tax implications been considered?</td>
</tr>
<tr>
<td><strong>Procurement</strong></td>
</tr>
<tr>
<td>Is there clear separation of budgetary authority and procurement authority?</td>
</tr>
<tr>
<td>Is there appropriate separation of duties between staff who place orders, those who receive goods and those who authorise payment?</td>
</tr>
<tr>
<td>Are contracts awarded through genuine and effective competition in line with the guidance in the Scottish Procurement Policy Handbook?</td>
</tr>
<tr>
<td><strong>Risk Management</strong></td>
</tr>
<tr>
<td>Does the organisation’s internal control systems have embedded arrangements for identifying, assessing and managing risks?</td>
</tr>
<tr>
<td>Are the risks prioritised in relation to objectives?</td>
</tr>
<tr>
<td>Is there a statement of risks which encompasses the possible cause, the likelihood of the event and the impact on the organisation?</td>
</tr>
<tr>
<td>Have all risks been assigned an owner who has responsibility for managing and monitoring the risk?</td>
</tr>
<tr>
<td>Is the management of risk reviewed regularly for effectiveness?</td>
</tr>
<tr>
<td><strong>Severance, Early Retirement and Redundancy Terms</strong></td>
</tr>
<tr>
<td>Has the organisation obtained approval from the Scottish Government for any new schemes or changes to a previously approved scheme?</td>
</tr>
</tbody>
</table>
Leased Properties

1. **Introduction**
   1.1. The purpose of this paper is to provide the Committee with information on College accommodation rented to/from third parties.

2. **Accommodation rented to Third Parties**

   2.1. **Aberdeen Altens Campus**
   The College has established a lease with Aberdeen Skills and Enterprise Training Limited (ASET) to formalise the use of accommodation at the Aberdeen City Campus. The lease allows the Board to demonstrate that public resources are not being utilised to support commercial activities.

   The area under lease is used by ASET to deliver training using the AbCol Plant, High Voltage Low Voltage (HV/LV) switchgear, workshops, classrooms and offices. The annual rental charge is £195,000, with additional accommodation being charged on a ‘pay-as-you-go’ basis. Rental charges are at rates recommended by the District Valuer.

   2.2. **Aberdeen City Campus**
   Office accommodation is let to the Aberdeen Safer Community Trust. Aberdeen College has provided accommodation to the Trust, and its predecessor the Aberdeen Safer Cities Trust, since its foundation some years ago. The annual rental charge is £2,860 with additional accommodation being charged on a ‘pay-as-you-go’ basis. Rental charges are at rates recommended by the District Valuer.

   The College has established a lease with ASET to formalise the use of accommodation at the Aberdeen City Campus. The area under lease is used by ASET to deliver training in the dynamic positioning of offshore structures and ‘jack-up’ operations. Rental charges are £35,000, these being the rental levels recommended by the District Valuer.

   Teaching accommodation is let to the Open University (the OU) as part of a long established relationship with the institution. Income from lets varies in relationship to the facilities required by the OU. Letting income in 2012-13 was £13,000.

   2.3. **Fraserburgh Campus**
   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 2016. The rental charge is £1 per annum, although this has been waived from the inception of the lease.

   2.4. **Gordon Centre**
   The sports training facility at Gordon Centre is let to the Aberdeen Gymnastics Trust on a lease term of 3 years (ending on 31 July 2015) with an option to extend the lease for a further 2 years. Rental charges were set at levels recommended by the District Valuer. The annual rental is £25,000.

   In recent years, the former Guardhouse Café at the entrance to the Centre and vacant ground to the rear of the Centre (at the eastern boundary) have been let to Scotia Homes. These lets ended in 2013.

   2.5. **Scottish Maritime Academy, Peterhead**
   Banff and Buchan College acquired the facility in 2012. A lease was established with Symposium Coffee House Limited for the café area within the premises. The duration of the lease is 3 years, expiring on 13 November 2015, with an option to extend the lease for a further 2 years (exercisable at the tenant’s sole discretion), at an annual rental of cost of £6,500.
3. Accommodation rented from Third Parties

3.1. Aberdeen Craibstone Campus
In 2012, Aberdeen College established a lease with the SRUC (formerly the Scottish Agricultural College) for premises on the Craibstone Campus. The duration of the lease is 5 years, expiring on 31 July 2017 at an annual rental of cost of £22,500. The accommodation comprises the exclusive use of the Hunter Annex, which the College refurbished at the outset of the lease, and pasture, with additional accommodation being charged on a ‘pay-as-you-go’ basis.

3.2. Apex Centre, Peterhead
In 2012, Aberdeen College established a lease with the Apex Church for premises at the Apex Church Centre, Broad Street, Peterhead. The lease was renewed in 2013 and ends on 31 August 2014 with an option to continue until terminated. The accommodation comprises a ‘youth room’ and office space and is used to deliver Princes Trust programmes in conjunction with Aberdeen Foyer. The rental charge is £12,000 per annum.

3.3. Ellon Learning Centre
In 2008, Banff and Buchan College entered into a lease with Aberdeenshire Council for part of the Ellon Academy Annexe. The duration of the lease was 5 years at an annual rental cost of £1, although this charge has been waived since the inception of the lease. The initial lease period expired on 1 October 2013. Thereafter, the lease has been renewed on an annual basis.

The facility will close at the end of next academic year (AY2014-15) when the new Ellon Academy Community Campus opens. Banff and Buchan College had worked in partnership with the Council to develop an area of the campus for use by the College in return for a contribution of £417,000. The terms of the lease of the property are under negotiation.

3.4. Inverurie Learning Centre
In 2009, Aberdeen College entered into a lease with Aberdeenshire Council for Crichie Cottage in the grounds of Inverurie Academy. The duration of the lease was 5 years at an annual rental cost of £1, although this charge has been waived since the inception of the lease. The initial lease period expires on 31 July 2014. The College has exercised its right under the lease to extend the lease period by a further 5 years (to 31 July 2019).

3.5. Macduff Learning Centre
In 2003, Banff and Buchan College entered into a lease with Aberdeenshire Council for the former Fife Street School in Macduff. The duration of the lease was 10 years at an annual rental cost of £7,000. The initial lease period expired on 31 August 2013. Thereafter, the lease has been renewed on an annual basis.

4. Recommendation
4.1. It is recommended that the Committee note the contents of this report.

Rob Wallen  Roddy Scott
Principal  Vice Principal - Finance
Programme of Business - Academic Year 2014-15

1. **Introduction**
   1.1. The purpose of this paper is to provide information on the programme of business that might be transacted by the Committee for the forthcoming academic year.

2. **Background**
   2.1. The Board of Management has set a calendar of meetings for the academic year 2014-15.

   2.2. Members might find it helpful to consider the business of the Finance and General Purposes Committee for the year to 31 July 2015.

3. **Calendar of Meetings**
   3.1. Meetings of the Committee have been scheduled to take place on:

      - 16 September 2014
      - 18 November 2014
      - 20 January 2015
      - 17 March 2015
      - 19 May 2015
      - 21 July 2015.

   3.2. The business that might be expected to be conducted at these meetings includes the matters set out in the appendix to this paper.

4. **Recommendation**
   4.1. It is recommended that the Committee notes the information provided in this paper.

Rob Wallen
Principal

Roddy Scott
Vice Principal - Finance
# Finance and General Purposes Committee

## Outline Programme of Business
### Academic Year 2014-15

<table>
<thead>
<tr>
<th>Date</th>
<th>Agenda Items</th>
</tr>
</thead>
</table>
| 16 September 2014 | • Standing items  
                       • Insurance covers 2014-15                                               |
| 18 November 2014   | • Standing items  
                       • Environmental sustainability  
                       • Revision of College budget for 2014-15 and  
                        forward projection to 2015-16  
                       • Capital plan for 2015-16 to 2017-18  
                       • Grant application to NES FE Foundation  
                       • Insurance (Colleges Scotland business case)                           |
| 20 January 2015   | • Standing items  
                       • Review of policies  
                       • Setting course fee rates                                               |
| 17 March 2015     | • Standing items  
                       • Setting College budget for 2015-16  
                       • Review of banking arrangements  
                       • Donation to NES FE Foundation                                           |
| 19 May 2015       | • Standing items  
                       • Environmental sustainability                                               |
| 21 July 2015      | • Standing items  
                       • Setting letting charges                                                  |

### Standing Items for all meetings
- Financial monitoring
- Procurement
- Reclassification
Project Governance, Estates Development, Fraserburgh Campus

1. Background

1.1. The purpose of this report is to assist the Committee to consider matters related to the project to implement the masterplan for the development of the Fraserburgh Campus.

2. Background

2.1. At its meeting on 20 May 2014, the Committee adopted the masterplan for the development of engineering technologies training facilities at the Fraserburgh Campus at an indicative project budget of £8,200,000.

2.2. The NES FE Foundation has agreed to fund the project.

3. Professional Advisors

3.1. A project timeline has been established. The procurement of professional advisors is being progressed. It is planned to appoint:

- a project manager;
- a design team led by an architect;
- a quantity surveyor; and
- a construction (Design and Management) Regulations (CDM) Co-ordinator.

3.2. The appointment of the design team is being undertaken in compliance with EU procurement regulations as the anticipated cost of these services is above the OJEU tender threshold (£172,514). The cost of other professional services is expected to be under the threshold and these are being procured by advertisement on the Public Contracts Scotland on-line portal.

3.3. Burness Paull is providing legal advice as part of established arrangements.

4. Guidance from Central Authorities

4.1. The Construction Procurement Manual (CPM) issued by the Scottish Government sets out mandatory policy and procedures for public sector construction works projects. (The CPM applied to Boards of Management prior to the reclassification of colleges.)

4.2. The Manual contains a document entitled ‘Construction Works Procurement Guidance’, which defines the 3 key functions in major construction projects. Explanation is also given of the respective roles and responsibilities that attach to each function. These functions are:

- Investment Decision Maker;
- Project Owner; and,
- Project Sponsor.

5. Project Governance

5.1. In terms of the Guidance, it is proposed that the governance arrangements followed by the Board in recent projects are applied in relation to this project. The proposed arrangements are that the Investment and Project Committee carries out the functions of ‘Investment Decision Maker’ and ‘Project Owner’; College management carries out the role of ‘Project Sponsor’.

5.2. The Board has been advised previously of the critical importance of having the right level of professional advice and management in these matters so that the Board has reassurance on the progression of the estates development strategy.
5.3. The Investment and Project Committee will report to the Board of Management on the progression of the project using established arrangements.

6. Proposed Project Timetable
6.1. The proposed key project dates are:

<table>
<thead>
<tr>
<th>Proposed date</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 2014</td>
<td>Enabling works complete</td>
</tr>
<tr>
<td>October 2014</td>
<td>Project design team appointed</td>
</tr>
<tr>
<td>February 2015</td>
<td>Project design confirmed</td>
</tr>
<tr>
<td>July 2015</td>
<td>Construction work begins (Phase 1)</td>
</tr>
<tr>
<td>March 2016</td>
<td>Construction work begins (Phase 2)</td>
</tr>
<tr>
<td>June 2016</td>
<td>Construction work begins (Phase 3)</td>
</tr>
<tr>
<td>August 2016</td>
<td>Project completion</td>
</tr>
</tbody>
</table>

7. Recommendation
7.1. It is recommended that the Committee:

7.1.1. note the information provided in this report; and
7.1.2. adopt the proposed project governance arrangements and timetable for the project at the Fraserburgh Campus.

Rob Wallen
Principal

Roddy Scott
Vice Principal - Finance
Review of Policies

1. Introduction
   1.1. The purpose of this paper is to enable the Committee to undertake the review of a number of College policies.

2. Background
   2.1. Over time, the Boards of Management of Aberdeen and Banff & Buchan College established and maintained a range of policies to support the successful governance and operation of their respective colleges.
   2.2. Unified financial systems and processes have been established and the challenges arising from the reclassification are being addressed. Central authorities have provided sufficient clarification of the requirements of the new arrangements to allow College policies to be reviewed and revised where necessary to enable the Board to demonstrate compliance with the Financial Memorandum (FM) issued by the Scottish Funding Council (SFC) and the Scottish Public Finance Manual (SPFM).
   2.3. The appendices to this paper contain the policies that are now proposed to the Committee for adoption.

3. Delinquent Debt Policy – Appendix 1
   3.1. The Finance and General Purposes Committee of Aberdeen College first adopted a Procurement Policy in 2002. The Committee has revised the Policy regularly. The Policy operates effectively and it is proposed that no amendments are made to the Policy at this review.

4. Investment Policy
   4.1. In the years prior to the reclassification of colleges on 01 April 2014, the Board of Management of Aberdeen College held significant sums on deposit in accordance with the Board’s Investment and Reserves Policies. These accumulated reserves were held primarily to fund estates development. During March 2014, accumulated reserves were transferred to an arms-length foundation to shelter them so that they might be available to the Board of Management in the future.
   4.2. The requirements of the FM and SPFM prohibit boards from accumulating reserves. During March 2014, accumulated reserves were transferred to an arms-length foundation to shelter them so that they might be available to the Board of Management in the future.
   4.3. From 01 April 2014, the SFC disburses grant to colleges on the basis of need, using a cash forecasting approach that ensures that colleges’ cash holdings are minimised and that there are no surplus funds.
   4.4. Therefore, boards no longer have the latitude to invest surplus funds and an investment policy is no longer required.

5. Procurement Policy – Appendix 2
   5.1. The Finance and General Purposes Committee of Aberdeen College first adopted a Procurement Policy in 1999. The Committee has revised the Policy regularly. It is proposed that minor amendments are made to the Policy at this review. The Policy operates effectively and, as proposed, meets the changed requirements of the FM and SPFM. The proposed amendments are highlighted in the Policy given as an appendix to this paper.
6. Reserves Policy – Appendix 3

6.1. As charitable bodies, boards of management are required to adopt a policy on reserves. The Finance and General Purposes Committee of Aberdeen College first adopted a Reserves Policy in 2011. As noted in the case of the Investment Policy, the requirements of the FM and SPFM prohibit boards from accumulating reserves other than to support the day-to-day operation of the College.

6.2. It is proposed that the Reserves Policy be amended to reflect these changed requirements.

7. Value for Money Policy – Appendix 4

7.1. The Finance and General Purposes Committee of Aberdeen College first adopted a Procurement Policy in 1999. The Committee has revised the policy regularly. The Policy operates effectively and as proposed, meets the requirements of the FM and SPFM. It is proposed that no amendments are made to the Policy at this review.

8. Future Reviews

8.1. It is proposed that the policies together with the College’s Financial Regulations are next reviewed in January 2015. The period of 6 months provides sufficient time to ensure that these policies continue to be compliant with the requirements set by central authorities.

9. Recommendation

9.1. It is recommended that the Committee undertakes the review of the College policies noted in this paper.

Rob Wallen    Roddy Scott
Principal    Vice Principal - Finance
North East Scotland College
Delinquent Debt Policy

Purpose and Aims of the Delinquent Debt Policy

1. This document sets out the Board of Management’s policy on the recovery of delinquent debt and provides a framework to control the level of delinquent debt experienced by the College.

Background

1. The College sets course fees in accordance with the requirements of the Policy on Course Fees approved by the Board of Management.
2. The course fee comprises fees for tuition, assessment/examination, registration, induction, remediation and reassessment, and course materials.
3. Any debt owed to the College, whether invoiced or as an overpayment of student support funds, can become delinquent debt. It is also normal for certain categories of student to be given credit terms to pay course fees. Delinquent debt may well occur where credit terms are offered.

Definition Of Delinquent Debt

1. A debt is considered to be delinquent when the debtor does not comply with the terms of payment set by the College and there is no valid dispute over the terms of the debt.

Debt Owed By Students

1. Statements of account are issued to students at the end of each month. Procedures have been established to follow up debts that are overdue by arranging a personal interview with the Credit Control Department. Students may also be directed to College student support staff that can offer advice on alternative financial support arrangements available to students.
2. Where a debt remains overdue after 2 months, the student will receive notice that legal action will be taken to recover debt if it remains outstanding. Again, students are directed to the College student support service that can offer advice on alternative financial support arrangements available to students.
3. Where there is no valid dispute over the terms of the debt or no alternative payment arrangements have been established the matter will normally be referred to College solicitors for legal action.

4. The procedure used to recover debt owed by employers is used to recover debts due by students who have left the College.

5. Students who are subject to legal action to recover a debt due to the College will normally be removed from classes until the debt is paid or alternative payment arrangements have been established.

**Debt Owed by Employers/Sponsors**

1. Statements of account are issued to employers/sponsors at the end of each month. Procedures have been established to follow up debts that are one month overdue by telephone or written contact with the debtor.

2. Where a debt remains overdue after 2 months, the debtor will receive notice that legal action will be taken to recover debt if it remains outstanding. Where there is no valid dispute over the terms of the debt or no alternative payment arrangements have been established the matter will normally be referred to College solicitors for legal action.

3. Students whose fees are being paid by an employer/sponsor who are subject to legal action to recover a debt due to the College will normally be removed from classes until the debt is paid or alternative payment arrangements have been established.

Status: For consideration by the Finance and General Purposes Committee
Date of version: July 2014
Responsibility for the policy: Finance and General Purposes Committee
Responsibility for implementation: Principal
Responsibility for review: Finance and General Purposes Committee
Date for review: January 2015
North East Scotland College  
Procurement Policy  

Purpose and Aims of the Procurement Policy  

1. To support College operations with an uninterrupted flow of materials and services.  
2. To buy wisely and competitively to maximise value to the College.  
3. To keep inventory investment at a practical minimum.  
4. To develop effective and reliable sources of supply.  
5. To develop good relationships with the supplier community and good continuing relationships with active suppliers.  
6. To achieve maximum integration of the Purchasing Team with the other departments of the College.  
7. To procure goods and services in a professional, cost effective, ethical and environmentally sustainable manner.  
8. To support the fulfillment of the College’s equality duty.  

Procurement Policy Guidelines  

1. Purchasing of goods, materials and services will only be carried out by the Purchasing Team, using purchase orders or supply contracts, in accordance with recorded purchasing procedures.  
2. Preference will be given, where practicable, to those products and services that cause least harm to the environment.  
3. The College will seek to encourage suppliers and contractors to the College to apply the same level of commitment and concern to environmental and sustainability matters when dealing with the College.  
4. A Bid Summary will support orders for goods, materials and services over £2,000 in value and suppliers quotations will be obtained in accordance with financial procedures.  
5. All orders for goods and services worth £20,000 or more will be awarded by a competitive tender procedure co-ordinated by the Purchasing Manager.
6. Orders for goods and services over £172,000 will be placed in accordance with European Union (EU) procurement legislation. The Purchasing Manager will control the submission of notices for publication on the Public Contracts Scotland web portal.

7. All suppliers will be involved in an approval process to include them on the Supplier database. The Vice Principal Finance shall monitor this process. The Purchasing Manager shall carry out ongoing supplier appraisals.

8. The College will award contracts after the Purchasing Manager has carried out full tendering procedures.

9. Professional and trades maintenance services, and all major and minor works will be controlled by the Facilities Manager, operating a work order system, using contracts issued by the holder of the Facilities Management Services contract.

10. Full records of Requests, Bid Summaries, Purchase Orders, and Invoices shall be retained in the College’s finance and purchasing systems (respectively ‘Sun’ and ‘PECOS’) for one year, then retained in archives for a further six years before deletion.

11. Inventory will be stock-checked on a continuous cycle basis and subject to internal audit review.

12. College Moveable Assets recorded on the Equipment Register will be audited every year. Records will be maintained at Schools/Support Teams by Heads of School/Team Managers or their nominees and centrally by the Purchasing Manager.

13. All disposals will require completion and authorisation of the Equipment Disposal Form. Disposals up to the value of £2,000 may be jointly authorised by the Principal and Vice Principal Finance. Disposals of a value over £5,000 will be referred to the Finance and General Purposes Committee for consideration.

14. Post-purchase appraisals shall be carried out on all goods over £20,000 in value. The Purchasing Manager and the end user of the goods shall carry out this appraisal.
North East Scotland College
Reserves Policy

Purpose and Aims of the Reserves Policy

1. This policy sets out the Board of Management’s policy on reserves.
2. The purpose of the policy is to aid the Board to maintain sufficient resources to fund the operation of the College.
3. The term ‘reserves’ has a variety of meanings. In this case ‘reserves’ is taken to mean the cash, or cash equivalents, that are available to the Board of Management.
4. Reserves may take the form of restricted or unrestricted reserves. Restricted reserves are those which carry conditions as to their use, for example the retained proceeds of property disposal or grants given to the College for a specific purpose.
5. Unrestricted reserves are those that the Board of Management is free to use at its discretion within the limits set by the Financial Memorandum issued by the Scottish Further and Higher Education Funding Council (SFC).

Policy on Restricted Reserves

1. The Board of Management shall comply with the conditions that are set for the use of such funds by the organisation that provided them.

Policy on Unrestricted Reserves

1. The Board of Management acknowledges the prohibition set out in the Scottish Public Finance Manual (SPFM) on the accumulation of reserves.
2. The Board shall maintain sufficient operating reserves to support the College’s day-to-day operation during the financial year.
3. The Board of Management shall monitor and review the level of reserves during the financial year as part of established monthly financial monitoring arrangements.

Status: For consideration by the Finance and General Purposes Committee
Date of version: July 2014
Responsibility for the policy: Finance and General Purposes Committee
Responsibility for implementation: Principal
Responsibility for review: Finance and General Purposes Committee
Date for review: January 2015
North East Scotland College
Value for Money Policy

Purpose and Aims of the Value for Money Policy

1. The Board of Management is responsible for the proper use of the public funds allocated to it and for the effective control and management of the College.

Background

1. The Financial Memorandum between the Scottish Further and Higher Education Funding Council and the College places responsibility on the Board of Management to establish arrangements to secure the economic, efficient and effective management of the institution’s resources.
2. To meet this responsibility, sound controls for planning, appraisal, authorisation and control of the use of resources have been established.
3. The term ‘value for money’ (VFM) is commonly used to describe the combination of economy, efficiency and effectiveness:
   - ECONOMY means minimising the cost of resources acquired or used, bearing in mind the quality;
   - EFFICIENCY covers the relationship between the output of goods or services and the resources used to produce them; and,
   - EFFECTIVENESS covers the relationship between the intended and actual results of projects and programmes.

Objectives

1. To achieve good VFM, the Board of Management has set itself these objectives:
   - to integrate VFM principles within existing management, planning and review processes
   - to adopt recognised good practice where this makes sense
   - to undertake VFM studies on areas of activity identified as worthy of review
   - to benchmark the institution’s activities against other similar activities and organisations where this is considered useful
   - to respond to opportunities to enhance the economy, efficiency and effectiveness of activities
   - to promote a culture of continuous improvement
• to demonstrate actively to both internal and external observers that the achievement of VFM is sought in all activities undertaken
• to ensure that all staff recognise their continuing obligation to seek VFM for the institution as part of their routine activities.

Responsibility
1. Responsibility for VFM lies with all Members and staff of the College and is not restricted to those with resource or financial responsibilities.
2. The Board of Management is required to satisfy itself that VFM is being sought and achieved from the use of public funds. The Board has determined that the College should extend this principle to all its funds.
3. The Audit Committee is required, under the SFC Audit Code of Practice, to satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness. The Committee is required to relay its view on the arrangements to the governing body in its annual report.
4. College managers have the executive responsibility to maintain an awareness of good practices in their own area of operation and to ensure that these are followed appropriately.
5. All staff should endeavour to seek and achieve VFM in all activities and to bring to management’s attention any opportunities for improvement.

Procurement
1. The College shall establish and maintain arrangements that enable the Board of Management to demonstrate that Value for Money is being obtained from procurement procedures. Attention is drawn to the requirements set out in College Financial Regulations relating to contracts and tendering when dealing with suppliers of goods and services.
2. The operation of these arrangements will be examined as part of audit review.

Status: For consideration by the Finance and General Purposes Committee
Date of version: July 2014
Responsibility for the policy: Finance and General Purposes Committee
Responsibility for implementation: Principal
Responsibility for review: Finance and General Purposes Committee
Date for review: January 2015
Letting Charges

1. Introduction
   1.1. The purpose of this paper is to enable the Committee to consider the level of charges for ad hoc let of College premises to third parties.

2. Background
   2.1. 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.

   2.2. The forecast income from ad hoc lets of premises is some £12,000 in the twelve months to 31 July 2014 (AY2013-14).

3. Scale of Charges
   3.1. In setting letting charges for the new academic year, the Committee might find it helpful to refer to annual rates of increase in prices when setting fees. In the year to 31 May 2014, the rate of increase in the Consumer Prices Index (CPI) was 1.5% and in the Retail Prices Index (RPI) was 2.4%.

   3.2. The following table may be of assistance to Members in considering the level of charges for AY2014-15:

<table>
<thead>
<tr>
<th>Classrooms (Hourly Rate)</th>
<th>Specialist Room (Hourly Rate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base rate (i.e. rate in AY2012-13)</td>
<td>£30.00</td>
</tr>
<tr>
<td>Fee rate increase of 1.5% (rounded)</td>
<td>30.45</td>
</tr>
<tr>
<td>Fee rate increase of 2.4% (rounded)</td>
<td>30.72</td>
</tr>
<tr>
<td>Fee rate increase of 4% (rounded)</td>
<td>31.20</td>
</tr>
<tr>
<td>Fee rate increase of 5% (rounded)</td>
<td>31.50</td>
</tr>
</tbody>
</table>

   3.3. The following table shows the estimated income effects of applying these rates for AY2014-15:

<table>
<thead>
<tr>
<th>Additional Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Income Effect (annualised)</td>
</tr>
<tr>
<td>Fee rate increase of 1.5%</td>
</tr>
<tr>
<td>Fee rate increase of 2.4%</td>
</tr>
<tr>
<td>Fee rate increase of 4%</td>
</tr>
<tr>
<td>Fee rate increase of 5%</td>
</tr>
</tbody>
</table>

4. Fees for Other Lets
   4.1. Fees for other lets are derived by reference to the basic hourly rates set by the Committee. Market rates are considered in establishing rates for longer-term lets or lets for commercial activities.

5. Recommendation
   5.1. It is recommended that the Committee consider the scale of charges to apply in AY2014-15 for ad hoc lets of accommodation.

Rob Wallen    Roddy Scott
Principal    Vice Principal - Finance