



A meeting of
Argyll College Finance & General Purpose Committee
to be held at 12.30pm on Friday 2 October 2020
by Webex Teams
Join using 'Argyll College Board' - Tel 07384 246325

A G E N D A

Agenda item no		Status	Papers
20.3.1	Welcome		
20.3.2	Apologies for absence & declarations of interest & to identify any items deemed confidential		
20.3.3	Minutes of the meeting held on 12 June 2020	For information	Attached
20.3.4	Matters arising i) Update on Nursery	For information	Oral
20.3.5	External Audit plan	For information	Attached
20.3.6	Management Accounts to 31 July 2020	Consideration	To follow
20.3.7	Draft Union Recognition Agreement	For discussion	Attached
20.3.8	AOCB		
20.3.9	Date of next meeting: Friday 2 nd October 2020 – board meeting online Friday 27 th November – committee meetings, location TBC.	To note	

**Final Version Minutes of the
Finance & General Purpose Committee
held at 2.00pm on Friday 12th June 2020
via Webex**

Present: John Colston (JC), Chair, Jim Findlay (JF), Martin Jones (MJ), Bettina Sizeland (BS), Maggie Tierney (MT)
Apologies: Andrew Campbell (AC)
In Attendance: Elaine Munro (EM), Ailsa Close (AEC), Vicky Daveney (VD) (Board Secretary)

No	Item	Action
20.2.1	Welcome – JC welcomed all committee members to the meeting and welcomed Bettina Sizeland and Maggie Tierney to their first committee meeting.	
20.2.2	Apologies & declarations of interest. Apologies were received from Andrew Campbell. JF declared his position as a local authority councillor.	
20.2.3	Minutes of previous meetings. Minutes of F&GP meeting held on 28 February 2020 were approved. The minutes to be signed by Chair as an accurate record of the meeting.	JC/VD
20.2.4	Matters arising. i) Update on nursery MJ provided background for the benefit of the new members and confirmed that the nursery will shut down on 26 th June. The nursery closed prior to lockdown due to a number of staff self-isolating. Remaining staff are currently furloughed. JC asked if there had been any renewal of interest from any parties. MJ confirmed that there has not and Covid-19 may have stopped any further interest. MJ stated that after closure the college will own the lease on building, the lease restricts the use of the building to a nursery. BS was unclear why it cannot be re-developed and asked what the ongoing cost of the building is expected to be. AEC stated that funding was received for the nursery and a change of purpose would require permission from the funders. JF suggested that social distancing may increase the requirement for the space for education or childcare needs, and suggested the terms with the grant funders should be checked. JC invited MJ and AEC to look into the terms of the grant and thanked the management team for their work on the nursery closure. ACTION: Check terms of funding for nursery ii) Update on Helensburgh funding draw down MJ provided background information relating to the strategic investment funding which had been won when the centre opened in 2017, but not yet received from UHI. One of the aims of the centre being to maximise engagement with Faslane and facilitate the delivery of UHI's engineering	MJ/AEC

	<p>programme to submariners. The funding has now been confirmed and is expected to be received within the next week. JC thanked MJ for his efforts in following-up on this and asked AEC if it will help the management accounts. AEC confirmed that it will, but it has not been incorporated as yet.</p>	
20.2.5	<p>Internal audit plan</p> <p>AEC confirmed that new internal auditors have been appointed, previously they were the external auditors, so they already have a good knowledge of the organisation and have a proactive approach. The 3 key areas they will focus on this year are: payroll, staff development and Health & Safety. MT asked whether a staff recruitment and retention audit had been carried out recently as it is listed as a high priority on the audit plan but not scheduled. AEC explained that areas for focus had been prioritised based on time, systems and staffing availability.</p>	
20.2.6	<p>Update on appointment of external auditor</p> <p>AEC explained that a joint tender with Sabhal Mor Ostaig and West Highland College went through APUC but only one bid received at double the cost of last year. The tender went back out as an individual tender and 2 bids were received. Armstrong Watson Ltd have been appointed, the other 2 colleges are also appointing them so there is a further 5% discount on tender price.</p>	
20.2.7	<p>SFC Mid Year Return 2019/20</p> <p>AEC explained that every year SFC ask for a 5 year forecast (Financial Forecast Return, FFR) in June or September and the MYR is requested mid way through the financial year for a comparison of revised outcome against FFR projections. Due to Covid-19 they requested a further update. AEC has projected a breakeven position for 20/21.</p>	
20.2.8	<p>Management Accounts to 30 April 2020</p> <p>AEC stated that although the accounts show a deficit there will be a surplus once the Helensburgh funding is taken into account, all else being equal. In addition, there may be further funding from UHI from the distribution of underspent 20/21 HE teaching grants (RAM). A request has been made for it to be distributed to the colleges, figures are currently unknown.</p> <p>JC asked about national bargaining funding. MJ confirmed that continued receipt of this is dependent on signing up to NRPA, which we are currently shadowing. There is a lot of work required before this can be done and steps are being taken to move the process along, including moving hourly paid staff to fractional contracts. MT asked if it allows enough flexibility to meet the needs of the business and what the timeframe is until we have to commit to joining. MJ stated that the way Argyll College was set up initially is not necessarily conducive to a national model, but we will be seeking to sign up once we have taken the required steps. It is difficult for the college to increase income due to rural locations.</p> <p>MT asked if a collection agency will be used for the expected bad debts on the nursery. AEC explained that due to sensitivities around the closure and Covid-19 debts are not currently being pursued but it may be a requirement to bring in an agency in the future. JC asked if the nursery income and redundancy figures are best estimates for year. AEC confirmed they are.</p> <p>ACTION: MT to provide AEC details of a collection agency.</p>	MT/AEC
20.2.9	<p>Draft Budget 2020/21</p> <p>AEC explained that there are many unknowns due to the current climate but believes the budget to be reasonable. An increase in staffing costs has been estimated at 1.5%. UHI have confirmed income for 2020/21 but expenditure is more</p>	

	<p>difficult to predict. Capital expenditure budget has not been included but AEC will provide a plan for next year at the board meeting on 26th June. MJ stated that SFC have confirmed there will be no clawback this year and no penalties next year if targets are not met due to Covid-19, eg can only fit 50% of students in classrooms. JC was pleased there was a degree of reassurance from SFC. JF asked if the college is getting all the funding it should, particularly in relation to the nursery.</p> <p>ACTION: AEC to produce Capital Expenditure Plan for the next year. ACTION: AEC investigate funding options</p>	<p>AEC AEC</p>
20.2.10	AOCB	
20.2.11	<p>Date of next meeting Committee Meetings – Friday 11th September, Location TBC Board Meeting – Friday 2nd October, Location TBC</p>	
20.2.12	<p>Signed by</p> <p>..... Chair of Finance & General Purpose Committee</p> <p style="text-align: right;">Date</p>	

Argyll College UHI Limited

Audit Strategy Memorandum

For the period ended 31 July 2020

This document is strictly private and confidential

ArmstrongWatson[®]

Accountants, Business & Financial Advisers

www.armstrongwatson.co.uk



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Introduction

Scope and Limitations

This document is strictly confidential and although it has been made available to management to facilitate discussions, it may not be taken as altering our responsibilities under our audit engagement letter. The contents of this audit strategy memorandum should not be disclosed to third parties without our prior written consent. No responsibility to any third party is accepted as this memorandum has not been prepared for, and is not intended for, any other purpose.

The purpose of this memorandum is to set out the scope of the audit and to highlight the key elements in our proposed audit strategy for the period ended 31 July 2020. It encompasses relevant audit risks, accounting issues and matters that we believe will be significant to the financial statements and is supplementary to our letter of engagement, which sets out the respective responsibilities of ourselves as auditors and yourselves as trustees.

The auditors are required to inform those charged with governance of the following matters in relation to audit planning:

- Any issues that may bear on the auditors' independence and the integrity and objectivity of the audit engagement Responsible Individual (RI) and staff;
- The principal ways in which the risks of material misstatement will be addressed;
- The concept of materiality and its application to the audit approach; and
- The audit approach to the assessment and reliance on internal controls

Scope of the Audit

The purpose of our audit, which will be conducted in accordance with International Standards on Auditing (UK) (hereafter "ISAs") issued by the United Kingdom Financial Reporting Council (FRC), is to enable us to express an opinion on the college's financial statements.

We are not aware of any expected limitations in the scope of our work.

This memorandum covers our work in respect of the audit of Argyll College UHI Limited.

Responsible Individual

The RI responsible for the audit engagement and issue of the audit report will be Martin Johnston.

Audit Independence and Objectivity

We will conduct our audit in accordance with the Code of Ethics of the Institute of Chartered Accountants in England and Wales and the Ethical Standards published by the FRC.

We have considered our independence and objectivity in respect of the audit for the period ended 31 July 2020.

In addition to auditing the financial statements we have been asked to prepare the financial statements for Argyll College UHI. We have outlined below the safeguards that we have put in place to ensure that these services do not cause any breaches in our independence and objectivity in relation to the audit.

Non-audit services provided	Safeguards put in place, to reduce the threat to our integrity, independence and objectivity
Preparation of the statutory accounts from the Trial Balance supplied by you.	<p>The accounts are prepared by the input of numerical data to a software package. They are reviewed by a manager and checked using a disclosure checklist application to ensure that the disclosures are appropriate and up to date.</p> <p>Any accounting judgements and adjustments are made by you.</p>

We can also confirm that:

- Armstrong Watson Audit Limited, its directors and the audit team have no family, financial, employment, investment or business relationship with the college; and
- Audit and non-audit fees paid by the college do not represent a significant proportion of total fee income for either the firm or office.

We confirm that, in our professional judgement, the firm is independent within the meaning of regulatory and professional requirements and the objectivity of the audit engagement RI and audit staff is not impaired.

Informed Management

We are required by ISAs to agree with you which individuals we consider at Argyll College UHI Limited to be "informed management" for the purposes of communication of issues surrounding the audit of the financial statements of the college.

Informed management are the management team used by the college for considering advice provided and agreeing decisions to be taken during the course of audit and non-audit services that may be provided to your college, particularly those relating to our independence as external auditors.

We consider Ailsa Close of Argyll College UHI Limited to be informed management.

Ethics

In accordance with auditing standards, we can confirm that any relationships that may bear on the firm's independence and the objectivity of the RI and audit staff have been identified and assessed.

There are no ethical issues that we believe the management board should be made aware of under the latest ethical standards issued by the FRC.

Our Audit Approach

Audit strategy

We will be working closely with you to ensure that we meet deadlines and conduct an efficient audit, with the minimum of disruption to your staff.

Our audit strategy comprises:

- Updating our understanding of the business through discussions with management and a review of the latest financial information;
- A review of the design and implementation of the internal financial control systems to the extent that they have a bearing on the financial statements;
- An assessment of the risk of fraud resulting in a material misstatement in the financial statements;
- An assessment of materiality and audit area risk and, based on that assessment, developing and implementing an appropriate audit strategy for all material account balances; and
- Reviewing material disclosure issues in the financial statements.

Internal controls

We are required to evaluate the design of an entity's internal controls over risks which could lead to material misstatement in the financial statements, and determine whether they have been implemented in accordance with that design.

We will review your internal controls relevant to our audit of principal transaction cycles. In practice, we cannot examine every accounting procedure in the college, your controls over every operating activity or all the financial information used within your business. Nor can we substitute for management's responsibility to maintain adequate controls at all levels of the business, including safeguarding assets. Our work cannot, therefore be expected to identify all risks in your business or all weaknesses in your systems and controls, which a special investigation might reveal.

Where during the course of our audit work we become aware of any significant weaknesses within the college's systems or internal controls we will draw these to your attention.

Fraud

Under ISAs, auditors are required to assess the risk of fraud. We will consider the susceptibility of the college to fraud, taking account of the business and control environment established and maintained by management, as well as the nature of transactions, assets and liabilities recorded in the accounting records. However, the principal responsibility for the prevention and detection of fraud rests with management, who should not rely on the audit to discharge those functions. There are many kinds of fraudulent activity, particularly those involving forgery, collusion and management override of control systems, as well as fraudulent financial reporting, which it would be unreasonable to expect the audit to uncover.

We will report to you, as soon as practicable, any suspected or discovered fraud which comes to our attention, even if the potential effect on the financial statements is immaterial, unless there is a legal or regulatory requirement to report direct to a third party.

Materiality

An item is considered material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements.

Materiality is an area of judgement and therefore subjective. Under ISAs, materiality must be considered quantitatively and qualitatively, not only at an overall financial statements level but also in relation to classes of transactions, individual account balances and disclosures.

Materiality will be continually re-assessed throughout the audit process and in particular on receipt of the year end management accounts and again at finalisation of the accounts.

In carrying out our work we will apply an appropriate level of materiality and as such the audit cannot be relied upon to identify all potential or actual misstatements.

If there are any areas of the financial statements where you would like us to apply a lower level of materiality we will be pleased to discuss this with you, including whether our audit approach can be readily adapted to accommodate such a level in that area, or whether it will be more appropriate for a special exercise to be carried out on the area.

Adjusted and unadjusted misstatements

During the course of the audit we may identify potential audit adjustments arising from misstatements in the financial statements and shall discuss these with you. The decision to make an adjustment to the financial statements is one which you alone can make.

Where the effects of accumulated uncorrected misstatements approach materiality; there may be an unacceptable risk that undetected misstatements might also exist. In such a situation we will discuss this with you with a view to making further adjustments of identified misstatements.

There may also be other instances where we will request adjustment of errors which appear to be individually immaterial where we consider it necessary for a proper appreciation of the financial results and position of the entity.

At the conclusion of the audit, we shall provide you with a schedule detailing those misstatements that we identified during our audit work which you agreed should be adjusted in the financial statements.

We shall also provide you with a schedule detailing those misstatements which have not been adjusted in the financial statements, other than those differences which are clearly trivial. As a general rule, trivial is assessed as 3% of overall materiality.

We will require you to confirm that you have considered these items and where you have made the decision not to adjust for them in the financial statements, ask you to confirm whether you believe the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole; this will be included in the letter of representation.

If you decide not to make an adjustment, which in our opinion should be made in order for the financial statements to show a true and fair view, it is likely that we will have to qualify our audit opinion.

Risk materiality assessment

Our audit approach is based on an assessment of the audit risk relevant to the individual financial statement assertions. As a result of our materiality and audit area risk analysis we classify all material account balance assertions or classes of transactions as having either: high; medium or low risk of material misstatement.

High risk assertions are subject to a more detailed level of testing, often relying on controls where possible, as we are required to obtain more persuasive audit evidence the higher our assessment of risk.

Significant audit risks

A significant risk is an identified and assessed risk of material misstatement that requires special audit consideration. There is a rebuttable presumption that two significant risks exists, the risk of management override and the risk of misstatement of the revenue recognised.

Key audit risks

The key audit risk areas we have identified through our planning process are as follows:

Risk identified	Our Approach
<p>Fraud/ Error in Revenue Recognition</p> <p>Risk of fraud and or error in revenue recognition is a presumed risk under International Auditing Standards.</p> <p>Income may be recognised incorrectly, either by over/under statement or through recognition in the wrong period.</p>	<p>Initially we will perform walkthrough testing of the sales and debtors systems to confirm our understanding of the processes and controls in place.</p> <p>We will also consider the design and implementation of the controls in terms of their ability to prevent misstatement of income.</p> <p>We will perform a detailed review of all income streams independently from each other and design substantive tests of detail verifying to sufficient third party evidence to ensure that revenue is not materially misstated.</p> <p>This will include the nursery income which we understand was closed in the year however we will still require to verify the completeness and accuracy of income. We understand that there have been historical issues with regards to the accounting for nursery revenue and will seek to address any current year issues early on and work with you to audit the related account balances.</p>
<p>Management Override</p> <p>The risk of misstatement due to management override of controls is a presumed risk under International Auditing Standards.</p>	<p>We will perform journal entry testing in order to provide us with assurance that journal entries are authorised and indicative of the business.</p> <p>We will perform a walkthrough of the systems in place in order for us to gain an understanding of any key controls that are in place and review any significant judgements and estimates for signs of management bias.</p>

Key audit risks continued...

Risk identified	Our Approach
<p>Defined Benefit Pension Scheme – Actuarial Valuation</p> <p>The nature of Defined Benefit Pension's lends itself to a degree of estimation based on a number of underlying assumptions. Any variation in these assumptions could have a material impact on the Pension liability within the financial statements.</p>	<p>We will undertake the following approaches;</p> <ul style="list-style-type: none"> • The year-end actuarial report will be obtained and the asset/liability compared to the financial statements. • The underlying assumptions contained within the report will be assessed and agreed to third party documentation to ensure they are reasonable. • A benchmarking exercise will be undertaken to determine the reasonableness of the assumptions made.
<p>Going Concern</p> <p>The COVID-19 pandemic has had a significant impact on the global economy. The economic risks and uncertainties surrounding the outbreak have resulted in going concern being identified as a significant risk at this stage of the audit.</p>	<p>In order to establish the going concern basis is appropriate the following measures will be taken:</p> <ul style="list-style-type: none"> • We will require management to prepare budgets and cash flow forecasts covering the period of at least 12 months from the date of the financial statements being signed. <p>These budgets should demonstrate management's consideration of the future impacts of the ongoing pandemic.</p> <p>We will scrutinize these schedules to ensure projected figures are reasonable by discussing with senior management the underlying assumptions applied to these forecasts.</p> <p>We will then carry out sensitivity analysis on the forecasts and underlying assumptions to ensure that the college has sufficient financial headroom to continue its operations for the foreseeable future if any unforeseen changes were to occur.</p> <ul style="list-style-type: none"> • A second partner review of our assessment of going concern will be carried out.

Going Concern Requirements

In September 2019, the Financial Reporting Council (FRC) issued revisions to International Standard on Auditing (ISA) (UK) 570 'Going Concern'. The revisions increase the work that auditors are required to do when assessing whether an entity is a going concern.

The revisions have been made in response to recent enforcement cases and a number of corporate failures where the auditor's report failed to highlight concerns about the prospects of entities which collapsed shortly after.

The revised standard requires greater work on the part of the auditor to more robustly challenge management's assessment of going concern, thoroughly test the adequacy of the supporting evidence and evaluate the risk of management bias.

Related parties

As part of our audit, we are required to obtain sufficient appropriate audit evidence about related party relationships and transactions, and to determine whether these have been appropriately identified, accounted for and disclosed in the financial statements in accordance with the relevant accounting framework.

At the planning stage we are required to obtain from management a list of all the related parties of the entity (as defined by the relevant accounting framework) regardless of whether transactions have taken place or not. Included in Appendix 1 is a template, we would be grateful if you could update this for any related parties.

Reporting

We will report to you in a number of ways:

- Meetings with Senior Management and the Board of Trustees.
- A Management Report, which sets out the key findings and recommendations arising from the audit. The management report will include a follow up of recommendations made in the previous year, where applicable.
- Our Audit Opinion on the financial statements of the College.

If any significant matters arise during the course of the audit we will report these to you at the earliest opportunity.

Audit Arrangements and Timetable

The audit process is underpinned by effective project management to ensure that we co-ordinate and apply our resources efficiently to meet your deadlines. It is therefore essential that we work closely with your team to achieve this timetable. Key dates for the audit have been agreed as follows:

Event	Expected timetable
Planning commences	Mid-August 2020
Fieldwork commences	19 th October 2020
Audit close meeting with Management	TBC
Present findings to Audit Committee	TBC
Board of Trustees approval, sign off and submission of accounts	18 th December 2020

Audit team

The key members of the audit team are as follows:

Role	Name	Contact
Responsible Individual	Martin Johnston	E: Martin.Johnston@armstrongwatson.co.uk T: 0141 233 0700
Manager	David MacLeod	E: David.MacLeod@armstrongwatson.co.uk T: 0141 233 0700
Senior	Simon Wrighthouse	E: Simon.Wrighthouse@armstrongwatson.co.uk T: 0141 233 0700

Information requested for audit purposes

We have sent a list of information required to enable us to complete the audit fieldwork. This list details the date for the expected information to be received by in order to ensure we achieve the timescales set out above.

If you have any queries regarding the information requested or if you anticipate not being ready for us on the dates specified, then please contact David MacLeod as soon as possible.

Fees

The proposed fees for the period ended 31 July 2020 is as follows:

	Current Year £
Fee for the audit of the statutory accounts	9,025
Fee for the preparation of the financial statements	2,550
Total	11,575

All prices quoted exclude VAT. The price excludes all disbursements with the exception of bank letter confirmation fees.

Should there need to be changes to the anticipated scope of work, we will agree with you the effects of such changes on our fees.

Our ability to deliver the services outlined to the agreed timetable and fee will depend upon the information requested above being available in the agreed form and content. Should all information not be available on a timely basis, it is likely that we will incur additional costs due to the impact on the efficiency of the audit process and we may seek to recover these costs from you. We will aim to keep such costs to a minimum and discuss these matters with you in advance.

All fees are due 30 days from invoice in accordance with our standard terms and conditions. A copy of these is attached to our engagement letter. Invoices will be raised at the following stages of the audit: 25% at completion of planning, 50% at completion of fieldwork and 25% at completion of the audit.

There is an option available to pay over 12 months in advance of the work being completed by way of Direct Debit. For more information on the payment plan option please speak to Martin Johnston.

Confirmation of Arrangements

If there are any matters that you would like to discuss further with me please do not hesitate to contact me. Otherwise I would be grateful if you could confirm that this document has been considered by management and that the proposed fees and timetable have been agreed by signing below and returning the signed copy of the document to David MacLeod.



Martin Johnston

Responsible Individual

For and on behalf of Armstrong Watson Audit Limited

Martin.Johnston@armstrongwatson.co.uk

On behalf of Argyll College UHI Limited, I acknowledge receipt and acceptance of the arrangements set out in this document with respect to the audit for the year ended 31 July 2020.

Signed: Position:

Name:

Date:

Related Party	Nature of relationship with entity	Type and purpose of transactions entered into (if applicable)
Ms Rosemary Allford	Trustee	Expenses
Mr Tony Dalgaty	Trustee	Expenses
Mr Scott Matheson	Trustee	Expenses
Mr Andrew MacFarlane Gordon Campbell	Trustee	Expenses
Mr James Ferguson Findlay	Trustee	Expenses
Ms Elodie Nowinski	Trustee	Expenses
Mr John Patrick Colston	Trustee	Expenses
Mr Martin Christopher Jones	Trustee	Expenses
Ms Bettina Sizeland	Trustee	Expenses
Ms Jennifer Swanson	Trustee	Expenses
Ms Maggie Tierney	Trustee	Expenses
Dr Faye Tudor	Trustee	Expenses
Ms Ailsa Elizabeth Close	Company Secretary and Finance Director	Salary and expenses.
University of the Highlands and Islands	Affiliated University, college is a constituent partner of the university.	Purchases and sales - e.g. students tuition fees.
Free Church of Scotland Pension Scheme Trustees Limited	Common directorship - Mr Scott Matheson	
Free Church of Scotland General Trustees' Nominees	Common directorship - Mr Scott Matheson	
Bute Marketing and Tourism Ltd	Common directorship - Mr James Ferguson Findlay	
Argyll, Lomond and the Islands Energy Agency	Common directorship - Ms Ailsa Elizabeth Close	
Interloch Transport	Common directorship - Ms Ailsa Elizabeth Close	
Argyll and Bute Rape Crisis	Common directorship - Ms Ailsa Elizabeth Close	
Kbuilt Limited	Common directorship - Ms Ailsa Elizabeth Close	
Argyll and Bute Council	Mr James Ferguson Findlay sits as a councillor on the council.	Purchases and Sales.
West Highland Housing Association	Lesley McInnes is Chief Executive.	Purchases.

Agenda Item 20.3.7



Management accounts to 31 July 2020

The draft accounts for the year are showing a surplus of £104k against a budgeted surplus of £98k. It must be emphasised that these accounts are draft, with long term staff absences in the accounts team of two, some further work on the figures is required. A new member of the team has been recruited but is not due to start until 19th October.

The Balance Sheet shows a draft figure for unrestricted reserves at the year end of £1.81m, but this is before any adjustment for pension liability, which has increased from £815k in 2018/19 to £2.1m in 2019/20.

2019/20 AUDIT

Owing to lack of staff resources in the accounts department for most of 2020 to date, it is looking certain that the timescales for the audit will not be able to be met. I have spoken with Scottish Funding Council this week to make them aware that having signed accounts by 31 December deadline will be difficult for us to meet. They are sympathetic to the situation, and have quoted me the following excerpt from their communications re COVID

'Deadlines

2. Incorporated and non-incorporated colleges are required to provide their annual report and accounts, together with the associated audit reports, to us by 31 December 2020. We understand that, due to the exceptional circumstances arising from COVID-19, this deadline may not be achievable for some colleges. If you consider that your college will be unable to meet this deadline, please contact SFC. '

With the agreement of the Board, i would like to take that option and delay the audit. The new timescales will have to be agreed with the auditors and then with SFC.

Ailsa E Close
01/10/20

Argyll College UHI Ltd

	Actual 2019/20	Budget 2019/20	
INCOME			
SFEFC SUMs Income	3,448,348	2,697,403	Incls NB
SFEFC SUM's Income - ESOL	0	0	
UHI Income - RAM	563,365	633,235	Lower HE numbers
UHI Income - PGDE	47,238	67,000	Per UHI
UHI Income - Other	97,906	130,000	Flatrate £20k, SSC£108550, final payment due
SAAS Income	258,704	309,000	Lower HE numbers
ILA Income	5,716	11,000	No more expected
DYW income	71,898	180,000	2 qtrs still to be received
MITC funding	21,667		5 months year 1
Modern/Foundation Apprenticeships	21,642		Not originally budgeted separately
Bursary Income/Student support	27,665	50,000	
Other PPE reimbursement/CITB	0	10,000	
Maintenance/Capital Grant income	62,027	80,000	
ESF	54,389		ESIF not budgeted originally
Bank Interest Received	96	3,000	Still to be accrued
FE Student Fees	104,540	105,000	
HE Student Fees - Taught	33,743	20,000	
Commercial Training Activity	24,382	40,000	
Commercial Training Activity - CSCS Income	3,690	8,000	Lower because we had to stop tests in all but 1 centre
Nursery Income - Fees	91,454	0	This is the actual income received to date
Property Lease Income	3,959	0	Leased building delay in sale
Room/Facility Hire - With Own Insurance	1,104	1,500	
Room/Facility Hire - Without Own Insurance	1,210	500	
Vending Machine Income	896	3,000	
Hairdressing Income - General	6,143	9,100	
Hairdressing Income - Retail	0	0	
Hairdressing Income - Other	0	0	
Catering Income	5,149	11,500	COVID
Feed-In Tariff	2,336	6,500	
Other income	15,005	0	Greenfleet grants
National Bargaining Grant funding	403,604	860,000	Incls £100k for Superann
Income from Staff	321	700	
Graduation Income	375	550	
Branded clothing income	1,017	700	
	5,379,589	5,237,688	
LESS: EXPENDITURE			
MicroRam	209,638	150,000	Higher number of hosted HE students
Staffing Costs - Salaries	1,381,762	1,200,000	staff costs not included in original budget, backfill for MITC post from Apr 20
Staffing Costs - Employer's NI	112,417	108,000	
Staffing Costs - Employer's Pension	181,630	168,000	
Staffing Costs - Maternity Pay	(14,493)	1,000	
Staffing Costs - Sick Pay	0	10,000	Costs still to be analysed
Staffing Costs - Travel and Subsistence	7,022	20,000	COVID
Staffing Costs - Training	1,370	6,000	
Staffing Costs - Disclosure	385	1,000	
Staffing Costs - Recruitment	360	15,000	
Staffing Costs - Other	61,739	0	Other & Redundancy costs
Teaching Staff Costs - Salaries	1,726,151	1,677,040	Higher payrise than forecast
Teaching Staff Costs - Employer's NI	137,631	150,934	

Teaching Staff Costs - Employer's Pension	309,927		335,408	
Teaching Staff Costs - Maternity Pay	0		1,000	
Teaching Staff Costs - Sick Pay	0		10,000	Costs still to be analysed
Teaching Staff Costs - Travel and Subsistence	6,994		12,000	
Teaching Staff Costs - Training Other	4,317		12,000	
Teaching Staff Costs - Disclosure	403		1,300	
Teaching Staff Costs - Recruitment	24		3,000	
Teaching Staff Costs - Other	31,125		12,000	Predominantly cost of subcontractors for Maritime courses
Payments to Subcontractors	64,021		65,000	
Learning Resources/Matls	45,185		60,000	
Student PPE/Kit	8,890		20,000	
Payments to Awarding Bodies - SQA	66,081		60,000	
Payments to Awarding Bodies - CITB	3,603		5,000	
Payments to Awarding Bodies - BCS	5,480		8,000	
Payments to Awarding Bodies - Activ Training	1,741		3,500	
Apprenticeship levy	16,224		16,000	
Marketing and Promotion	28,494		50,000	Some costs stil to be accrued
Health and Safety Costs	35,975		25,000	COVID and increased H & S requirements
Non Chargeable Catering Costs	2,380		5,000	
Property Costs - General maintenance	53,657		70,000	
Property Costs - Lease Costs	61,521		72,000	Move from WHHA back to Centre in Dec
Property Costs - Venue Costs	3,650		10,000	
Property Costs - Rates and Water Charges	17,501		17,000	
Property Costs - Utilities	83,351		80,000	
Property Costs - Cleaning	25,712		30,000	
Property Costs - Other Property Costs	3,342		4,000	
Insurance	27,664		31,000	
ICT Maintenance and Support	95,967		117,000	
Equipment repairs	4,374		5,000	
Equipment Lease Costs	44,042		40,000	
Company Vehicle Costs - Fuel	1,762		5,000	
Company Vehicle Costs - Repairs and Maintenance	2,992		3,000	
Company Vehicle Costs - Road Tax	30		300	
Company Vehicle Costs - Other	52,823		40,000	Extra car lease costs, covered by grants
Supplies and Copying	13,175		10,000	
Postage	5,196		7,000	
Telecoms	9,457		18,000	
Other expenses	3,248		4,000	
Donations	277		0	
Subscriptions	51,356		27,000	
Professional Fees - Audit and Accountancy	12,210		20,000	Larger accrual required
Professional Fees - Legal	21,524		12,000	
Professional Fees - Other	1,831		5,000	
Payments To/On Behalf of Students - Travel & Subsist	15,076		20,000	
Payments To/On Behalf of Students - Hardship	2,643		10,000	
Payments To/On Behalf of Students - Disclosure	1,510		3,000	
Payments To/On Behalf of Students - Graduation	5,522		5,000	
Payments To/On Behalf of Students - Other	190		3,500	
Governance Costs - Travel & Subsistence	80		1,500	
Governance Costs - Other	300		500	
Bank Charges	516		550	
Loan Interest - BoS Fixed Rate	2,979		2,000	
Bad debts	0		1,500	
Vending Machine Costs	2,112		5,000	

Hairdressing Supplies - General	300		8,500	
Hairdressing Supplies - Retail	0		0	
Hairdressing Costs - Other	36		400	
Food Purchases	8,554		15,000	
	5,072,956		4,914,932	
Operating surplus	306,633		322,756	
Non Capital Fixed Assets	33,726		40,000	New laptops to replace the PCs
Depreciation	168,490		185,000	
Net surplus/(deficit) for the year	104,417		97,756	

Argyll College UHI Ltd
Statement of Comprehensive Income
For the period ended 31 Jul 2020

	Actual 2019/20 £	Budget 2019/20 £	2018/19 £
Income			
SFC grants	3,851,952	3,557,403	3,616,214
UHI grants	615,287	760,235	630,334
Tuition fees and education contracts	424,345	455,000	872,390
Other operating income	250,199	264,050	340,250
Commercial training activity	28,072	48,000	51,534
Release of deferred capital grant	0	0	126,188
Investment income	96	3,000	7,145
Total income	5,169,951	5,087,688	5,644,055
Expenditure			
Staff costs	3,948,764	3,743,682	4,236,833
Other operating expenses	944,785	1,057,200	1,250,050
Depreciation	168,490	185,000	184,842
Interest and other finance costs	3,495	4,050	9,720
Total expenditure	5,065,534	4,989,932	5,681,445
Income/(Deficit) before other gains and losses	104,417	97,756	(37,390)
Impairment loss	0		(122,639)
Total comprehensive income for the period	104,417	97,756	(160,029)

Argyll College UHI Ltd
Balance Sheet
As at 31 Jul 2020

	31/07/2020	2018/19
Tangible fixed assets	3,750,222	3,836,896
Debtors		
Trade debtors	20,017	18,282
Other debtors	123,913	130,635
	<hr/> 143,930	<hr/> 148,917
Cash at bank	2,699,070	1,701,517
	<hr/> 2,843,000	<hr/> 1,850,434
Creditors <1yr		
Trade Creditors	156,903	115,704
Bank Loans	0	15,105
Accruals	935,087	553,633
Deferred Grants	3,566,380	3,171,082
Tax & Social Security creditor	61,949	67,017
Other creditors	61,016	57,319
	<hr/> 4,781,335	<hr/> 3,979,860
Net current assets	(1,938,335)	(2,129,426)
Net Assets	<hr/> <hr/> 1,811,886	<hr/> <hr/> 1,707,470
Reserves		
Unrestricted funds	1,707,470	1,707,470
Comprehensive income for the period	104,417	0
	<hr/> <hr/> 1,811,887	<hr/> <hr/> 1,707,470

Argyll College UHI Ltd
Deferred grants
For the period ended 31 Jul 2020

	Balance at 1 August 2019 £	Recd in year £	Balance at 31 Jul 2020 £	
Capital Reserve	3,125,665	73,882	3,199,547	Capital grants recd by the college since its inception being w/o in line with depreciation
Beam Suntory (Laphroaig Fund)	7,289	0	7,289	Funds rec'd from Laphroaig Distillery for courses in Islay
Princes Trust	10,000	0	10,000	Dates back to Fraser Durie's first year
A & B Council MITC funding	0	52,000	52,000	Funding for Maritime Industry Training Centre for 1 year
Scottish Govt Greenfleet	14,446	98,014	112,460	Funding for lease of 9 electric vehicles
Foundation Scotland	2,000	0	2,000	Funding for courses in Islay
Muir of Laurieston Trust	11,682	0	11,682	Funding for tractor for agriculture courses in Campbeltown, w/o in line with depreciation
Campbeltown Legacy		46,590	46,590	New fund for educational activities in Campbeltown area, legacy bequest
Centre alterations alterations		118,456	118,456	Backlog maintenance grant, work not commenced as yet
Hardy PL Society Bursary		6,356	6,356	Funding for horticulture vists
	<u>3,171,082</u>	<u>395,298</u>	<u>3,566,380</u>	

Recognition and Procedures Agreement Between

Scottish FE Colleges

And

The Educational Institute of Scotland (EIS), General Municipal & Boilermakers Union (GMB,) UNISON and UNITE the Union.

1 Introduction

In this agreement the following terms have the meanings assigned to them

Colleges	The colleges that are signatories to this Agreement; Argyll College, Ayrshire College, Borders College, City of Glasgow College, Dumfries and Galloway College, Dundee and Angus College, Edinburgh College, Fife College, Forth Valley College, Glasgow Clyde College, Glasgow Kelvin College, Inverness College, Lews Castle College, Moray College, New College Lanarkshire, Newbattle Abbey College, North East Scotland College, North Highland College, Orkney College, Perth College, Sabhal Mor Ostaig College, Shetland College, South Lanarkshire College, West College Scotland, West Lothian College, and West Highland College
Boards of Management	The governing bodies of the Colleges.
Defined Staff	Staff employed by the Colleges that are currently employed on contracts of employment negotiated through collective bargaining.
Unions	The Trade Unions recognised at some or all of the Colleges that are party to this Agreement are the Educational Institute of Scotland (EIS), General Municipal and Boilermakers Union (GMB), UNISON and UNITE.
Staff Side	The representatives appointed by the Unions that are authorised to negotiate with the Management Side on behalf of Defined staff.
Management Side	The representatives appointed by the Colleges that are authorised to negotiated with the Staff Side on behalf of the Colleges.
NJNC	National Joint Negotiating Committee – College Staff established by the NBDG Agreement (12.12.2013) and

	consisting of a standing Central Committee and two standing Side Tables.
Joint Secretaries	The Staff Side Secretary and the Management Side Secretary
Consult	The exchange of relevant information and the joint consideration of issues at a formative stage in the process in which the Colleges make a decision.
Negotiate	The process by which the Colleges and the Unions establish agreed terms on issues such as pay and terms and conditions of employment. The responsibility for decision making is jointly held between the Colleges and the Unions. It is distinct from consultation where the responsibility for decision making remains with the Colleges.
National Collective Agreement	Any agreement or agreements reached through the procedures set out in this Agreement covering Defined Staff.
Agreed Terms and Conditions	The terms and conditions of service which the Management Side and the Staff Side agree are within the scope and agree to negotiate from time to time.

The spirit and intention of this Agreement is to promote good working relations throughout the College Sector, through the work of the NJNC. The Boards of Management and Unions acknowledge a common interest in advancing the educational aims of Colleges and in establishing terms and conditions of service for Defined Staff to further these aims.

This recognition and procedures agreement (the Agreement) shall not detract from the right of communication between Colleges, Colleges Scotland, the Management Side or the Boards of Management with their Defined Staff and staff generally, and between the Unions and their members.

The signatory parties to this Agreement acknowledge the importance of establishing and maintaining confidence in the arrangements voluntarily established under this agreement and recognise the need to negotiate in good faith.

2 The Purpose of NJNC-CS

All trades unions recognised in the college sector will be guaranteed a seat at the negotiating table with membership allocated on a proportionate basis. The Colleges (i.e. the incorporated Further Education Colleges in Scotland together with Argyll College, Newbattle Abbey College, Orkney College, Sabhal Mor Ostaig, West Highland College, and Shetland College) hereby recognise the following unions; the Educational Institute of Scotland, GMB, Unite and Unison as the sole representatives of all Staff by the Colleges.

This Agreement hereby confirms that the Colleges and Unions will negotiate the Agreed Terms and Conditions of Service of Defined Staff employed by the Colleges through the NJNC.

This Agreement sets out the procedures by which the NJNC through its Central Committee or Side Tables negotiates the Agreed Terms and Conditions of Service of Defined Staff employed by the Colleges.

This Agreement recognises that Colleges will consult with the Unions through the NJNC to develop national policy guidance for implementation locally appropriate to the needs of each particular college and may issue national policy advice and may share best practice for Colleges or local collective bargaining arrangements.

Any National Collective Agreement made by the NJNC applying to Defined Staff terms and conditions of service will be implemented from the date specified in the written agreement. Agreements will be signed by the Joint Secretaries.

Terms and conditions of service of Defined Staff issued or agreed by the NJNC, under this agreement take precedence over any locally agreed terms and conditions of service.

3 NJNC Structures and Procedures

The NJNC will have a standing Central Committee at which all common terms and conditions are discussed, and two standing Side Tables. The Central Committee or Side Tables may agree to form sub-committees or working groups to look at specific tasks or occupational specific tasks.

The Central Committee

The functions of the Central Committee of the NJNC will be:

- to discuss broad issues relating to pay policy
- to negotiate and decide on Agreed Conditions of Service matters common to Defined Staff across the sector other than where matters are assigned to the standing sub committees
- to advise on equalities issues common to all employees across the sector
- to agree on matters which are best delegated to sub-committees which are unique to a particular occupational group
- to discuss, review and where appropriate reach agreement on matters referred by sub-committees
- to agree short life, cross cutting and special interest sub-committees
- to conduct other matters, such as research or information gathering processes and procedures, as are mutually agreed between the parties to this Agreement
- issue advice on the interpretation of any National Collective Agreements reached on request by anybody represented by the signatories to this Agreement.

Composition of the Central Committee

The Central Committee shall have 22 members, 10 Management Side Members and 12 Staff Side Members. The Management Side Members shall be appointed by the Board of Colleges Scotland and the Staff Side shall be appointed by the Unions on the following basis:

EIS	7 Members	UNITE	1 Member
UNISON	3 Members	GMB	1 Member

Each Side shall appoint a Chair and Secretary. The NJNC secretariat will be provided from the Management Side. The Management Side Secretary, with the Staff Side Secretary, shall be responsible for all administrative and organisational arrangements to support the work of the NJNC.

Meetings of the Central Committee and Side Tables shall be held as and when requested by either Side. The joint secretaries will make the arrangements for meetings.

All notices and agendas for meetings of the Central Committee or Side Tables will be issued 5 working days in advance of the date of the meeting.

The Central Committee or Side Tables may from time to time appoint from among its own members sub-committee(s), to discharge such functions as they may specify. This may also include working parties or commissioning research to support the discharge of the NJNC's functions.

The Central Committee or Side Tables may, by agreement, also invite advisors to attend and speak at a meeting. Any such person appointed acquires no formal rights or status other than the grounds on which they were invited to attend.

Any Side may send substitutes from a pre-notified pool if their nominated representatives are unable to attend a NJNC meeting.

The quorum for meetings of the Central Committee shall be four members of each Side provided that at least two trade unions are present that represent not less than 50% of the sector trade union membership. On the Management Side this shall require one chair and one principal to be in attendance.

Decisions will be by consensus and require a majority of each side.

The Side Tables

Matters that are unique to a particular bargaining group will be dealt with by the Side Tables. Matters may also be referred to the Side Table(s) by agreement of the Central Table or by the Management Side, the Lecturing Staff Trade Union or the Support Staff Trade Unions collectively in the ways set out below:

Within the Staff Side, prior to any agreement, the Lecturing Staff trade union or collectively the Support Staff trade unions may initiate referral of any matter to the side tables for negotiation and settlement.

Prior to any agreement the Management Side may also initiate referral of any matter to the Side Tables for negotiation and settlement.

The quorum for meetings of the Side Tables will be three members of each side with one principal and one chair on the Managements Side in attendance.

Side Table - Lecturing Staff

5 Management Side members, 5 Staff Side members (EIS)

- Responsible within its bargaining group for
 - Salaries matters unique to the bargaining group
 - Agreed Terms and conditions of Service unique to the bargaining group
 - Pensions matters unique to the bargaining group
 - Matters assigned by agreement of the Central Table

Decisions will be by consensus and require a majority of each Side.

Each Side will appoint a Chair; overall Chair of the Side Table – Lecturing Staff will be by rotation. Each Side will appoint a Secretary, overall secretariat will be provided from the Management Side.

Side Table - Support Staff

5 Management Side members, 5 Staff Side members (3 UNISON, 1 UNITE, 1 GMB)

- Responsible within its bargaining group to negotiate and decide on
 - Salaries matters unique to the bargaining group
 - Agreed Terms and Conditions of service unique to the bargaining group
 - Pensions matters unique to the bargaining group
 - Matters assigned by agreement of the central table

Decisions will be by consensus and require a majority of each Side.

Each Side will appoint a Chair; overall Chair of the Side Table – Support Staff will be by rotation. Each Side will appoint a Secretary, overall secretariat will be provided from the Management Side.

The Colleges agree to negotiate with the Unions at the NJNC on the undernoted Contractual Terms and Conditions of employment applying to members of the Colleges' Defined Staff.

Pay

Working hours

Class contact hours

Sick pay

Annual Leave

Maternity Policy

Paternity Policy

Family Friendly Policies

Transfer to permanent status

Grievance and disciplinary Policies

Additional terms and conditions can be included as agreed by the NJNC.

The scope of this Agreement will be reviewed annually

The Colleges agree to consult with the Unions at the NJNC on other matters on national policy, and both Sides agree to provide guidance for implementation locally, appropriate to the needs of each particular college. The NJNC may issue national policy advice and may share best practice for Colleges or local collective bargaining arrangements.

5 Agreements Reached

National Collective Agreements reached by the Central Committee will be set out in writing by the Joint Secretaries on behalf of the Central Committee. Agreements reached by a Side Table will be set out in writing as Circulars by the Side Table's Joint Secretaries on behalf of the Side Table.

National Collective Agreements reached at the Central Committee or Side Tables will be binding on the Colleges and the Unions. The signatories of each of the parties hereto confirm that they have the authority to bind the party that they represent. This Agreement is binding in honour but not legally enforceable. However, any National Collective Agreement varying the terms and conditions of Defined Staff will be legally enforceable.

The Management Side Secretary will be available to provide advice to the Boards of Management of Colleges and the Staff Side Secretary will be available to advise the Unions, on matters relating to agreements, including National Collective Agreements Circulars, guidance, or any other outcomes from the Central Committee and the Side Tables. In formulating such advice the Joint Secretaries may consult each other as they determine appropriate.

6 Effective Date

This Agreement shall take effect as soon as it has been signed on behalf of the Colleges and on behalf of the Unions.

7 Variations and Notice of Withdrawal

No variations to this Agreement may be made except by agreement of all the signatory parties.

A signatory party may withdraw from this Agreement provided it shall give twelve months' notice of its intention to do so in writing to the other parties.

Both Sides agree to review this Agreement on an annual basis to ensure that it meets the needs of the parties and the Sector.

8 Expenses

Any external expenses of the NJNC and other relevant expenditure must be agreed by the Central Committee or Side Tables in advance, including how the cost is borne by the two Sides.

9 Disputes

In the event of a dispute arising concerning negotiation or agreements reached under these procedures, the Unions agree to seek resolution through the disputes procedure as agreed by the NJNC and attached as Appendix 1 to this Agreement. The Unions further agree to refrain from industrial action until the agreed dispute procedures have been exhausted; the Colleges agree to maintain the *status quo ante* until the agreed dispute procedures have been exhausted.

10 Facilities Time

Attendance and participation in the work of NJNC, including any preparatory work and dissemination of outputs, shall be regarded as a trade union duty with reasonable facilities time provided by the Colleges. This is separate to any time off granted for local trade union duties

Signed by:

The Educational Institute of Scotland

General Municipal & Boilermakers (GMB)

Unison

Unite the Union

Argyll College

Ayrshire College

Borders College

City of Glasgow College

Dumfries and Galloway College

Dundee and Angus College

Edinburgh College

Fife College

Forth Valley College

Glasgow Clyde College

Glasgow Kelvin College

Inverness College

Lewis Castle College

Moray College

New College Lanarkshire

Newbattle Abbey College

North East Scotland College

North Highland College

Orkney College

Perth College

Sabhal Mor Ostaig College

Shetland College

South Lanarkshire College

West College Scotland

West Highland College

West Lothian College

Appendix 1 Dispute Resolution Procedure

The Colleges and the Unions are committed to striving for agreed outcomes. If, exceptionally, these cannot be achieved, any party may invoke the following dispute procedure:

- Where it appears that all scope for progress through normal procedures has been exhausted, either the Colleges or any Union may give formal notice to all parties that it is applying this dispute resolution procedure;
- Following receipt of such notification the parties i.e. of the Central Committee or Side Tables will agree meeting dates within 5 working days for at least two meetings to seek to resolve the dispute. Unless agreed otherwise, these meetings will take place within the following 10 working days;
- The focus of these meetings will be on reaching a settlement of the issue(s) in dispute. Such settlement should also seek to include recommendations on how similar disputes might be avoided in the future;
- Further meetings beyond this initial period may take place where that is agreed between the two sides;
- If it has not been possible to resolve the dispute through this series of meetings, the parties will consider whether third-party assistance – normally using ACAS for mediation and conciliation – would be helpful. The matter in dispute may, with the agreement of the parties, be referred to ACAS for conciliation. A decision on this should be taken within 5 working days of the second meeting;
- Throughout the period for dispute resolution meetings, and for any agreed third-party assistance, the Colleges will maintain the *status quo ante* and the Unions will refrain from taking any form of industrial action until the procedure has been fully exhausted;
- Outcomes from any stage in the procedure will be communicated jointly.