



A meeting of  
**Argyll College Finance & General Purpose Committee**  
to be held at 2pm on Friday, 24<sup>th</sup> May 2019 at  
Lorne Street Centre, Lochgilphead PA31 8LU  
Tel 01631 559560

**A G E N D A**

Agenda item no		Status	Papers
19.2.1	<b>Welcome</b>		
19.2.2	<b>Apologies for absence &amp; declarations of interest</b>		
19.2.3	<b>Minutes of the meeting</b> held on 1st March 2019	To approve & sign	Attached
19.2.4	<b>Matters arising</b> (a) Properties update (b) Update on funding for Helensburgh (c) Update on sale of Riverside premises	For consideration For information For information	Attached Oral Oral
19.2.5	<b>Management Accounts to 30<sup>th</sup> April 2019</b>	Consideration	Attached
19.2.6	<b>Draft budget for year to 31st July 2020</b>	Consideration	Attached
19.2.7	<b>AOCB</b> (a) Policy of discretions LGPS	For approval	Attached
19.2.8	<b>Date of next meeting:</b> Friday, 30 <sup>th</sup> August 2019 at Lorne St Centre, Lochgilphead	To note	

Please send any apologies or questions to Vicky (Secretary to Board):  
[victoria.daveney@uhi.ac.uk](mailto:victoria.daveney@uhi.ac.uk) / mobile: 07384 246325



19.1.5	<p><b>Management accounts to 31<sup>st</sup> January 2019</b>  The accounts were noted. The committee agreed the management accounts to be presented to the next board meeting.</p>	AEC
19.1.6	<p><b>Properties update</b>  MJ gave an update on college estates as a whole. It was agreed to have a strategic pause on property options in Dunoon. The committee noted that there was agreement with Islay High school that the college can extend into an adjoining room in the school, which would provide two additional VC rooms for college use.</p>	
19.1.7	<p><b>AOCB</b></p> <ul style="list-style-type: none"> <li>a) Anti-bribery policy – The policy was approved and will be forwarded to the board for noting. Agreed that a system be put in place to formally record gifts and hospitality that staff receive, and this would be added to the existing Financial Procedures.</li> <li>b) Update on visit to Rothesay Pavilion – MJ and AEC had a productive visit. Potential to deliver art related provision. Connections will be made between local centre manager in Rothesay and Pavilion staff to build relationship.</li> </ul>	AEC
19.1.8	<p><b>Date of next meeting</b> – Friday 24<sup>th</sup> May 2019 at Lorne Street, Lochgilphead</p>	
19.1.9	<p><b>Signed by</b></p> <p>.....  <b>Chair of Finance &amp; General Purpose Committee</b></p> <p style="text-align: right;"><b>Date</b> .....</p>	

## West Highland Housing Association Office Accommodation, Oban

This paper is for consideration. In advance of the development of a fully formed estates strategy, it is clear that there are a number of key principles which would inform such a strategy and which the college can still apply in the interim.

1. Within individual towns, steps should be taken to minimise the number of footprints operated by the college. This will have a number of advantages. Concentration allows for a more cohesive culture to be established by staff and students. It would also allow for greater potential efficiencies e.g. financial savings in terms of utilities, building maintenance, and the elimination of time lost through unnecessary travel. In addition, it would increase the likelihood of a raised profile within the relevant town.
2. The college should, ideally, operate from premises which it owns. The vagaries of leasehold tenure are a potential threat to business continuity and was evidenced recently where we were forced to vacate a unit in Dunoon for which no alternative has been found to date. This has had an impact on our student activities.
3. The college should keep its estate under constant review in order to realise savings where opportunities exist.

The WHHA office accommodation in Oban has been used by support staff for a number of years when the room that they formerly used in the main Oban Centre was required due to the demands for teaching space. The cost of the lease and utilities amounts to circa £20k per year. From an operational perspective, this is not ideal as staff sometimes have to shuttle between the two sites as part of their routine business and there are broader cultural issues that stem from the fact that they are not as integrated into the life of the college in Oban as they once were.

We are considering a proposal (which was not considered earlier) to move the staff back into the main Oban centre and displace some teaching activity into a temporary building sited within the grounds of the centre. The cost would vary depending on a number of factors affected by location such as the extent to which groundworks would be needed or the complexity of linking utilities and communications. The costs would also vary depending on whether we rented a unit or bought a new or a second hand one. We are talking with suppliers at the moment.

It is likely that, should we choose to purchase, the costs would exceed the extent of any delegated authority (possibly £30k). The potential window for this change would be over the summer (between Board meetings).

## Management accounts to 30 Apr 2019

The accounts are showing a surplus of £533k for the 9 month period to the end of April. This is reflected in our bank balances, which are higher by £418k than at the end of last year. This is partly due to income being received in advance for credits and National Bargaining, but also due to costs being proportionately lower than budgeted for at this point in the year.

In terms of income, there are 3 areas where the final figure remains doubtful. Owing to our assigned status, we no longer get Credit funding through NHC, and the amounts we have been receiving from UHI vary from the figures supplied to us by NHC at the start of the year. Clarification is being sought from UHI on these numbers, but it appears that there is an amount of £184,680 which was included in NHC's figures but may not be due to us. The reforecast shows the Credit figure with this amount removed.

National Bargaining sums to be provided to the College are ever changing, so from a starting point where we appeared to be getting £991k, even a reduced forecast of £735k may not be forthcoming. Discussions on this remain ongoing.

And finally, Helensburgh, where funding approved by UHI from the Strategic Investment Fund has still not been received. It appears to remain the UHI position that none will be paid until we have secured a 5 year lease on the Kirkmichael building, a term we have indicated to UHI is not what we feel is required at present. The forecast for the year includes £118k from this source.

In terms of costs, the sub-contractor costs have far exceeded those budgeted. This is predominantly due to the secondment costs of the Nursery Manager (roughly £5k per month) and the DYW Project Manager (roughly £3k per month), but also due to a number of tutors mainly for our maritime activities who work on a sub-contract basis.

It is worth noting however that our learning resource costs are significantly lower than budgeted for, and this appears to be due to the hard work and dedication to saving money shown by our Procurement Officer.

Marketing costs to date are significantly lower than budget, but filming for a new film is underway, and the new Prospectus is in progress, so there will be increased expenditure on marketing in the last quarter of the year.

Lastly, the sale of the Riverside building in Lochgilphead drags on. Apparently there are now problems with the purchase of the adjoining nursery which formed part of the overall business plan for MacPool and on which the grant funding is dependent. The reforecast shows this sale going through in this financial year, but there would now appear to be no guarantee of that occurring.

Overall, the reforecast shows a deficit of £32k, which is a worse position than budgeted, but the changes to income, particularly NB funding, are the reasons for this.

Ailsa E Close

**Argyll College UHI Ltd**

	Actual 30/04/2019	Budget 2018/19	Expected Outturn 2018/19	
<b>INCOME</b>				
SFEFC SUMs Income	2,086,171	2,582,378	2,587,070	Per NHC due £2772k, but may be overstated by £185k, UHI to confirm
SFEFC SUM's Income - ESOL	3,000	15,000	15,000	Still to be confirmed by UHI
UHI Income - RAM	398,717	633,235	553,774	Per UHI Mid Year figures less fee adjustment
UHI Income - PGDE	48,151	56,435	66,877	Per UHI
UHI Income - Other	108,774	102,700	246,550	Flatrate £20k, SSC£109k, Helensburgh £118k (Still £0 recd re H'burgh)
SAAS Income	270,850	309,000	270,850	Will be lower than budget because of lower HE numbers
ILA Income	10,426	11,000	10,426	
DYW income/other govt	137,957	136,140	169,000	DYW income for year £140k and Foundation Apprenticeship income £29k
Bursary Income/Student support	33,420	45,000	70,000	Per Student support management
Other PPE reimbursement/CITB/Fdn Apprenticeships	10,000	50,000	10,000	CITB/FA accounted for under DYW/other govt
Maintenance/Capital Grant income	229,898	253,000	149,000	£193k (less £120k capitalised) backlog maintenance, £76k for usual maintenance
ESF	0	0	0	Will not be receiving ESF despite achieving targets as Region has not.
Bank Interest Received	122	1,000	3,000	
FE Student Fees	104,013	100,000	105,000	
HE Student Fees - Taught	18,788	20,000	20,000	
Commercial Training Activity	33,211	30,000	35,000	
Commercial Training Activity - CSCS Income	5,869	8,000	8,000	
Nursery Income - Fees	143,660	220,000	180,000	
Property Lease Income	2,875	0	5,750	Leased building delay in sale
Room/Facility Hire - With Own Insurance	1,030	7,000	1,500	
Room/Facility Hire - Without Own Insurance	450	100	500	
Vending Machine Income	2,041	7,000	2,500	
Hairdressing Income - General	8,386	9,100	9,100	
Hairdressing Income - Retail	0	500	0	
Hairdressing Income - Other	0	0	0	
Catering Income	11,437	10,500	11,500	
Feed-In Tariff	6,241	4,000	6,241	
Other income	2,959	0	42,959	Greenfleet grant funding £40k
National Bargaining Grant funding	536,861	991,000	735,269	This figure remains a moving target. Could be considerably less than £735k
Income from Staff	604	300	700	
Graduation Income	550	400	550	
Branded clothing income	600	500	700	
	<b>4,217,062</b>	<b>5,602,788</b>	<b>5,316,816</b>	
<b>LESS: EXPENDITURE</b>				
MicroRam	0	137,711	132,051	As per Micro Ram figures Apr 2019 from UHI
Staffing Costs - Salaries	972,830	1,424,969	1,272,830	2-3% NB increase, lower than budgeted
Staffing Costs - Employer's NI	85,690	128,247	111,958	
Staffing Costs - Employer's Pension	127,868	307,793	179,021	
Staffing Costs - Maternity Pay	0	1,000	1,000	
Staffing Costs - Sick Pay	66,432	10,000	70,000	Principal, Nursery mgr, Centre admin
Staffing Costs - Travel and Subsistence	9,498	20,000	15,000	
Staffing Costs - Training	1,557	6,000	6,000	
Staffing Costs - Disclosure	763	1,000	1,000	
Staffing Costs - Recruitment	2,938	5,000	3,500	
Staffing Costs - Other	0	15,263	15,263	Apprenticeship Levy in 2018/19
Teaching Staff Costs - Salaries	1,174,315	1,627,684	1,623,723	
Teaching Staff Costs - Employer's NI	91,361	135,781	129,068	
Teaching Staff Costs - Employer's Pension	133,372	292,553	192,454	Teachers pension increases by addnl 5% from 1 Apr 2019
Teaching Staff Costs - Maternity Pay	0	1,000	1,000	
Teaching Staff Costs - Sick Pay	26,186	10,000	30,000	Various tutors, 1 on long term sickness absence
Teaching Staff Costs - Travel and Subsistence	11,785	12,000	15,000	
Teaching Staff Costs - Training Other	7,299	12,000	12,000	
Teaching Staff Costs - Disclosure	1,032	1,300	1,300	
Teaching Staff Costs - Recruitment	0	3,000	3,000	
Teaching Staff Costs - Other	2,072	5,000	7,000	Joint marketing with WHC
Payments to Subcontractors	101,327	50,000	136,327	Additional costs for Nursery secondment and DYW contractor
Learning Resources/Mats	33,210	80,000	50,000	Major savings through employment of Procurement Officer
Student PPE/Kit	14,757	15,000	20,000	
Payments to Awarding Bodies - SQA	54,953	54,000	55,000	
Payments to Awarding Bodies - CITB	2,677	5,000	5,000	
Payments to Awarding Bodies - BCS	8,016	2,000	8,000	
Payments to Awarding Bodies - Activ Training	1,033	3,500	3,000	
Marketing and Promotion	19,850	50,000	50,000	
Health and Safety Costs	19,571	25,000	25,000	
Non Chargeable Catering Costs	2,075	5,000	5,000	
Property Costs - General maintenance	79,954	253,000	135,000	£120k capitalised
Property Costs - Lease Costs	52,391	72,000	72,000	
Property Costs - Venue Costs	4,675	10,000	10,000	
Property Costs - Rates and Water Charges	5,013	17,000	17,000	

Property Costs - Utilities	74,341	80,000	80,000	£9k for Helensburgh
Property Costs - Cleaning	21,572	26,000	30,000	Helensburgh and Oban costing over £1k per month
Property Costs - Other Property Costs	1,955	4,000	4,000	
Insurance	26,669	31,000	27,000	
ICT Maintenance and Support	111,580	117,000	176,000	SSC £130260
Equipment repairs	11	5,000	5,000	
Equipment Lease Costs	30,420	40,000	40,000	Printers mostly
Company Vehicle Costs - Fuel	3,678	8,000	5,000	New Evs, now only have 2 diesel and 1 hybrid car
Company Vehicle Costs - Repairs and Maintenance	2,614	3,000	3,500	No of repairs to leased vehicles - eg broken windscreens/
Company Vehicle Costs - Road Tax	60	300	300	
Company Vehicle Costs - Other	17,694	40,000	40,000	EV lease costs
Supplies and Copying	7,285	21,650	10,000	
Postage	4,993	12,000	7,000	
Telecoms	15,802	22,000	22,000	New mobile phones, may mean reforecat costs are lower by end of year
Other expenses	1,715	4,000	4,000	
Donations	414	0	500	
Subscriptions	20,132	27,000	27,000	HISA, other licences
Professional Fees - Audit and Accountancy	11,019	13,000	13,000	
Professional Fees - Legal	5,720	12,000	12,000	
Professional Fees - Other	4,995	5,000	5,000	
Payments To/On Behalf of Students - Travel & Subsistence	15,595	5,000	20,000	
Payments To/On Behalf of Students - Hardship	2,289	10,000	10,000	
Payments To/On Behalf of Students - Sanitary products	1,001	5,500	3,000	Grant of £11k recd, told there will be no clawback
Payments To/On Behalf of Students - Graduation	4,111	5,000	5,000	
Payments To/On Behalf of Students - Other	432	3,500	3,500	
Governance Costs - Travel & Subsistence	1,170	1,500	1,500	
Governance Costs - Other	248	100	500	
Bank Charges	365	250	550	
Loan Interest - BoS Fixed Rate	1,500	2,000	2,000	
Bad debts	0	1,500	1,500	
Vending Machine Costs	3,844	12,000	5,000	
Hairdressing Supplies - General	9,312	8,500	10,000	
Hairdressing Supplies - Retail	0	600	0	
Hairdressing Costs - Other	124	400	400	
Food Purchases	17,756	20,000	20,000	
	<b>3,534,916</b>	<b>5,345,602</b>	<b>5,007,745</b>	
<b>Operating surplus</b>	<b>682,146</b>	<b>257,186</b>	<b>309,071</b>	
Non Capital Fixed Assets	7,058	40,000	15,000	
Loss on sale of asset (building)	0		136,442	Riverside Building in Lochgilphead
Depreciation	141,820	185,000	190,000	
<b>Net surplus/(deficit) for the year</b>	<b>533,268</b>	<b>32,186</b>	<b>(32,371)</b>	

Argyll College UHI Ltd  
**Statement of Financial Activities**  
**For the period ended 30 Apr 2019**  
(including an Income & Expenditure Account)

Notes	Unrestricted funds £	Restricted funds £	Total funds £	2018 £
<b>Incoming resources</b>				
Incoming resources from voluntary funds				
Voluntary income	3,313,225	0	3,313,225	3,128,642
Activities for generating funds	158,442	0	158,442	23,546
Investment income	122	0	122	1,308
Incoming resources from charitable activities	744,123	0	744,123	980,445
Other incoming resources	1,150	0	1,150	295
<b>Total incoming resources</b>	<b>4,217,062</b>	<b>0</b>	<b>4,217,062</b>	<b>4,134,235</b>
<b>Resources expended</b>				
Costs of Generating Funds				
Costs of generating voluntary income	3,844	0	3,844	3,592
Fundraising trading; costs of goods sold and other costs	0	0	0	0
Investment management costs	0	0	0	0
Charitable activities	3,600,000	38,306	3,638,305	4,435,780
Governance costs	41,644	0	41,644	32,517
Other resources expended	0	0	0	0
<b>Total resources expended</b>	<b>3,645,488</b>	<b>38,306</b>	<b>3,683,794</b>	<b>4,471,889</b>
<b>Net incoming /(outgoing) resources before transfers</b>	<b>571,574</b>	<b>(38,306)</b>	<b>533,268</b>	<b>(337,654)</b>
<b>Transfers</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Transfers between funds</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net incoming resources before other recognised gains and losses</b>	<b>571,574</b>	<b>(38,306)</b>	<b>533,268</b>	<b>(337,654)</b>
<b>Other recognised gains and losses</b>				
Gains on revaluation of fixed assets for charity's own use	0	0	0	0
Actuarial Gains / losses on pension scheme	0	0	0	54,000
<b>Net movement in funds</b>	<b>571,574</b>	<b>(38,306)</b>	<b>533,268</b>	<b>(283,654)</b>
<b>Reconciliation of Funds</b>				
<b>Balance at 1 August 2018</b>	<b>1,629,506</b>	<b>3,189,977</b>	<b>4,819,483</b>	<b>3,724,750</b>
<b>Balance at 30 Apr 2019</b>	<b>2,201,080</b>	<b>3,151,671</b>	<b>5,352,751</b>	<b>3,441,096</b>



Argyll College UHI Ltd  
 Balance Sheet  
 As at 30 Apr 2019

	30/04/2019	2018
<b>Tangible fixed assets</b>	3,983,069	4,013,423
<b>Debtors</b>		
Trade debtors	69,717	53,538
Prepayments	8,357	8,357
Other debtors	56,049	189,591
Deferred tax asset	0	0
	<u>134,123</u>	<u>251,487</u>
<b>Cash at bank</b>	1,534,071	1,116,166
	<u>1,668,194</u>	<u>1,367,653</u>
<b>Creditors &lt;1yr</b>		
Trade Creditors	284	119,697
Bank Loans	19,240	19,240
Accruals	128,498	166,998
Deferred Income	46,542	36,101
Tax & Social Security creditor	64,613	61,950
Other creditors	38,643	26,159
	<u>297,820</u>	<u>430,145</u>
<b>Net current assets</b>	1,370,374	937,507
<b>Creditors &gt;1yr</b>		
Bank Loans	691	17,403
<b>Net Assets</b>	<u><u>5,352,752</u></u>	<u><u>4,933,527</u></u>
<b>Reserves</b>		
Unrestricted funds	2,201,080	1,743,550
Restricted funds	3,151,671	3,189,977
	<u><u>5,352,751</u></u>	<u><u>4,933,527</u></u>

Argyll College UHI Ltd  
 Restricted Fund movements  
 For the period ended 30 Apr 2019

	Balance at 1 August 2018 £	Incoming resources £	Resources expended £	Transfers £	Balance at 30 Apr 2019 £
Capital Reserve	3,126,057	120,000	37,657	0	3,208,400
Beam Suntory	8,374	0	0	0	8,374
Princes Trust	10,000	0	0	0	10,000
SFC - Transitional Funding					
Scottish Govt Greenfleet	29,917	0	0	0	29,917
DYW	0	0	0		0
Foundation Scotland	2,000	0	0	0	2,000
Muir of Laurieston Trust	13,629	0	649	0	12,980
	<u>3,189,977</u>	<u>120,000</u>	<u>38,306</u>	<u>0</u>	<u>3,271,671</u>
<i>Per SOFA</i>	<i>3,189,977</i>	<i>0</i>	<i>38,306</i>	<i>0</i>	<i>3,151,671</i>

## Draft Budget 2019/20

This budget is in draft form mainly due to the income figures likely to be provided by SFC through UHI have still to be confirmed.

Indications are that we will receive £2697k for FE, but this figure has still to be agreed and various options for allocating this funding between the partners remain subject to (probably heated) discussion.

It is known that capital funding has been cut by SFC, but we do not know what allocation we will receive for 2019/20.

Therefore the budget has been prepared with very indicative income figures, particularly for NB funding, where it has been assumed that funding of £860k will be received.

Overall, a slight reduction in income from the expected outturn for 2018/19 is being budgeted, with a slight increase in expenditure. However, owing to not having the loss on the sale of the building in the Inome & Expenditure Account, this means a breakeven position is being forecast.

By the date of the Board meeting in June, it is hoped that there will be more clarity on income. However, we remain acutely aware that should income be lower than anticipated, the only area in which we can really make any significant savings is in our staff costs. A review of our curriculum is due to be carried out and it is intended that this will highlight where we can be more efficient and cost effective.

Ailsa Close  
17/5/19

**Argyll College UHI Ltd**

	Expected Outturn 2018/19	Budget 2019/20	
<b>INCOME</b>			
SFEFC SUMs Income	2,587,070	2,697,403	Indicative figures from UHI
SFEFC SUM's Income - ESOL	15,000	0	
UHI Income - RAM	553,774	633,235	Based on 220 FTEs
UHI Income - PGDE	66,877	67,000	Based on 2018/19 figure
UHI Income - Other	246,550	130,000	Flatrate £20k, SSC£109k
SAAS Income	270,850	309,000	Higher for higher HE nos
ILA Income	10,426	11,000	
DYW income/other govt	169,000	180,000	DYW income for year £140k/MA's and FA's budgeted at £40k
Bursary Income/Student support	70,000	50,000	Indications are lower student support funds available
Other PPE reimbursement/CITB/Fdn Apprenticeships	10,000	10,000	
Maintenance/Capital Grant income	149,000	80,000	No backlog maint this year, capital grants being reduced
ESF	0	0	
Bank Interest Received	3,000	3,000	
FE Student Fees	105,000	105,000	
HE Student Fees - Taught	20,000	20,000	
Commercial Training Activity	35,000	40,000	Increased in 2018/19, intention is to increase this activity further
Commercial Training Activity - CSCS Income	8,000	8,000	
Nursery Income - Fees	180,000	0	
Property Lease Income	5,750	0	Leased building intended to be sold
Room/Facility Hire - With Own Insurance	1,500	1,500	
Room/Facility Hire - Without Own Insurance	500	500	
Vending Machine Income	2,500	3,000	
Hairdressing Income - General	9,100	9,100	
Hairdressing Income - Retail	0	0	
Hairdressing Income - Other	0	0	
Catering Income	11,500	11,500	
Feed-In Tariff	6,241	6,500	
Other income	42,959	0	Greenfleet grant funding in 2018/19, unlikely to get more in 2019/20
National Bargaining Grant funding	735,269	860,000	Very unclear what this figure will be but this is what we need
Income from Staff	700	700	
Graduation Income	550	550	
Branded clothing income	700	700	
	<b>5,316,816</b>	<b>5,236,988</b>	
<b>LESS: EXPENDITURE</b>			
MicroRam	132,051	150,000	Higher per higher FTE figure
Staffing Costs - Salaries	1,272,830	1,200,000	Job evaluation to be carried out. No indication of what this will mean, but 5% has been added. Nursery staff costs of £130k removed
Staffing Costs - Employer's NI	111,958	108,000	
Staffing Costs - Employer's Pension	179,021	168,000	
Staffing Costs - Maternity Pay	1,000	1,000	
Staffing Costs - Sick Pay	70,000	10,000	
Staffing Costs - Travel and Subsistence	15,000	20,000	
Staffing Costs - Training	6,000	6,000	
Staffing Costs - Disclosure	1,000	1,000	
Staffing Costs - Recruitment	3,500	5,000	
Staffing Costs - Other	15,263	16,000	Apprenticeship Levy
Teaching Staff Costs - Salaries	1,623,723	1,759,723	Budgeted for increase of £1800 for 51 FTEs in year, plus promoted post costs of £45k
Teaching Staff Costs - Employer's NI	129,068	158,375	
Teaching Staff Costs - Employer's Pension	192,454	351,945	Teachers pension increases by addnl 5% from 1 Apr 2019
Teaching Staff Costs - Maternity Pay	1,000	1,000	
Teaching Staff Costs - Sick Pay	30,000	10,000	
Teaching Staff Costs - Travel and Subsistence	15,000	12,000	
Teaching Staff Costs - Training Other	12,000	12,000	
Teaching Staff Costs - Disclosure	1,300	1,300	
Teaching Staff Costs - Recruitment	3,000	3,000	
Teaching Staff Costs - Other	7,000	12,000	Joint marketing with WHC
Payments to Subcontractors	136,327	65,000	DYW staff will be in-house, secondment costs for nursery will be £5k
Learning Resources/Matts	50,000	60,000	
Student PPE/Kit	20,000	20,000	
Payments to Awarding Bodies - SQA	55,000	60,000	
Payments to Awarding Bodies - CITB	5,000	5,000	
Payments to Awarding Bodies - BCS	8,000	8,000	
Payments to Awarding Bodies - Activ Training	3,000	3,500	
Marketing and Promotion	50,000	50,000	

Health and Safety Costs	25,000	25,000	
Non Chargeable Catering Costs	5,000	5,000	
Property Costs - General maintenance	135,000	70,000	£120k capitalised
Property Costs - Lease Costs	72,000	72,000	
Property Costs - Venue Costs	10,000	10,000	
Property Costs - Rates and Water Charges	17,000	17,000	
Property Costs - Utilities	80,000	80,000	
Property Costs - Cleaning	30,000	30,000	
Property Costs - Other Property Costs	4,000	4,000	
Insurance	27,000	31,000	Large no of additional vehicles
ICT Maintenance and Support	176,000	117,000	
Equipment repairs	5,000	5,000	
Equipment Lease Costs	40,000	40,000	Printers mostly
Company Vehicle Costs - Fuel	5,000	5,000	New Evs, now only have 2 diesel and 1 hybrid car
Company Vehicle Costs - Repairs and Maintenance	3,500	3,000	
Company Vehicle Costs - Road Tax	300	300	
Company Vehicle Costs - Other	40,000	40,000	EV lease costs
Supplies and Copying	10,000	10,000	
Postage	7,000	7,000	
Telecoms	22,000	18,000	
Other expenses	4,000	4,000	
Donations	500	0	
Subscriptions	27,000	27,000	HISA, other licences
Professional Fees - Audit and Accountancy	13,000	20,000	Higher Internal audit fees, new external auditor unlikely to be lower
Professional Fees - Legal	12,000	12,000	
Professional Fees - Other	5,000	5,000	
Payments To/On Behalf of Students - Travel & Subsistence	20,000	20,000	
Payments To/On Behalf of Students - Hardship	10,000	10,000	
Payments To/On Behalf of Students - Sanitary products	3,000	3,000	
Payments To/On Behalf of Students - Graduation	5,000	5,000	
Payments To/On Behalf of Students - Other	3,500	3,500	
Governance Costs - Travel & Subsistence	1,500	1,500	
Governance Costs - Other	500	500	
Bank Charges	550	550	
Loan Interest - BoS Fixed Rate	2,000	2,000	
Bad debts	1,500	1,500	
Vending Machine Costs	5,000	5,000	
Hairdressing Supplies - General	10,000	8,500	
Hairdressing Supplies - Retail	0	0	
Hairdressing Costs - Other	400	400	
Food Purchases	20,000	15,000	Nursery lunches
	<b>5,007,745</b>	<b>5,011,593</b>	
<b>Operating surplus</b>	<b>309,071</b>	<b>225,395</b>	
Non Capital Fixed Assets	15,000	40,000	
Loss on sale of asset (building)	136,442		
Depreciation	190,000	185,000	
<b>Net surplus/(deficit) for the year</b>	<b>(32,371)</b>	<b>395</b>	



University of the  
Highlands and Islands  
Argyll College

Oilthigh na Gàidhealtachd  
agus nan Eilean  
Colaiste Earra-Ghàidheil

## Policy Statement in relation to employer discretions under Local Government Pension Scheme

**Employing Authority:** Argyll College UHI Limited

Policy Number	
Revision Number:	3
Date of Issue:	31/05/2012
Status:	Approved
Responsibility for Policy:	Financial Director
Responsibility for Implementation:	Financial Director
Responsibility for Review:	Financial Director
Date of Last Review:	31/05/2018
Date of Last Revision:	31/05/2018
Date of Next Review:	31/05/2020
Date of Equality Impact Assessment:	

## 1. Introduction

Argyll College UHI Ltd (the College) is an admitted body into the Local Government Pension Scheme administered by the Strathclyde Pension Fund. This scheme is established in legislation and can be described as a statutory scheme.

The relevant legislation covering the Local Government Scheme is:

- The Local Government Pension Scheme (Benefits, Membership and Contributions) (Scotland) Regulations 2008 (the 'Benefit Regulations')
- The Local Government Pension Scheme (Administration) (Scotland) Regulations 2008 (the 'Administration Regulations')
- The Local Government Pension Scheme (Transitional Provisions) (Scotland) Regulations 2008

These Regulations permit the College to exercise discretion on certain aspects of the application of the pension scheme and require the College to set out a policy in relation to these discretions and to keep such a policy under regular review.

## 2. Scope

This policy relates to all employees employed by the College who are members of the Local Government Pension Scheme administered by the Strathclyde Pension Fund or who are eligible for membership. As well as providing general information, it provides specific information on the following areas where the College has the option to exercise discretion:

DISCRETION	REGULATION
Award of additional years' membership (augmentation) to an active member (by up to 10 years)	B12*
Award of additional pension to a member (by up to £5,000 p.a.)	B13*
Early payment of all or some benefits if an employee reduces their hours or grade prior to age 60 (flexible retirement)	B18(2)*
Waiver of, in whole or in part, any actuarial reduction on benefits paid on flexible retirement.	B18(4)*
Granting application for early payment of benefits on or after age 50/55 and before age 60.	B30(2)*
Waiver of, on compassionate grounds, the actuarial reduction on benefits paid early.	B30(5)*
Granting payment of Optional Contributions	A19
Shared cost AVCs	A22
Forfeiture of Pension Rights After Conviction	A66
Recovery due to Misconduct	A68
Appeals	A54

These areas must be specifically addressed in accordance with Regulation 61(2) of the Local Government Pension Scheme (Administration) (Scotland) Regulations 2008.

### **3. Membership of the Pension Scheme**

All support staff within the College are eligible for membership of the pension scheme. Requests to join the pension scheme should be made in writing to the HR Department.

### **4. Contribution Rates**

The Local Government Pension Scheme is a contributory pension scheme and contributions are made by each member of the scheme from their pensionable salary and a contribution is also made by the College.

#### **4.1 Employee Contribution Rates**

Since April 2009, Employee Contribution rates are set as a tiered percentage of gross annual pensionable salary as at 31 March each year. Rates are effective from 1 April each year and on an annual basis the HR Department will write to all members of staff participating in the scheme to advise of their new contribution rate. Rates remain in effect for a full twelve month period.

For part-time staff the contribution rate is based on the full-time equivalent salary for the post(s) held.

Further information on tiered contribution rates is available from the Strathclyde Pension Fund at [www.spfo.org.uk](http://www.spfo.org.uk).

#### **4.2 Employer Contribution Rate**

The rate for the College's Employer Contribution is set on an annual basis by the Strathclyde Pension Fund and rates are effective from 1 April on each year. The current Employers' Contribution is 21.6% of gross pensionable salary.

### **5. Award of Additional Membership to Employees (Regulation B12)**

Also known as 'augmentation', the Scheme Regulations enable the College to exercise discretion to make an additional payment to the scheme to award a member additional years' membership (by up to 10 years), thus increasing their total membership.

The College will not have a general policy to augment membership of an active member by up to 10 years but may decide to do so where a sound business case can be made for exercising this discretion. Each case will be considered on its individual merits.

### **6. Award of Additional Pension to members (Regulation B13)**

The College has the discretion to award additional pension contributions above the normal employer contribution rate to any member of the scheme, where any additional payment is not more than £5,000 per annum.

The College will not have a general policy to grant additional pension to a member (by up to £5,000 p.a.) but may consider doing so where a sound business case can be made for exercising this discretion. Each case will be considered on its individual merits.



## **7. Flexible Retirement (Regulation B18)**

**B18(2)** The College has the discretion to grant access to all or part of the member's benefits if an employee reduces their hours or grade prior to age 60 (flexible retirement).

The College will not have a general policy of exercising this discretion but may exercise this discretion where a sound business case can be made for granting flexible retirement with immediate access to all or part of the member's benefits. The College will consider requests on a case by case basis.

**B18(4)** The College has the discretion to waive, in whole or in part, any actuarial reduction on benefits paid on flexible retirement.

The College may waive, in whole or in part, the actuarial reduction on the benefits paid on flexible retirement where the sound business case for granting payment of benefits on flexible retirement in B18(2) above includes such a recommendation.

## **8. Early Retirement between 50 and 60 years**

**B30(2)** The College has the discretion to grant early payment of benefits on or after age 50/55 and before age 60.

The College will not have a general policy of granting early payment of benefits on or after age 50/55 and before age 60 but will consider requests on a case by case basis. The College may exercise this discretion where a sound business case can be made for doing so or where other exceptional circumstances arise that make payment of those benefits justifiable.

**B30(5)** The College has the discretion to waive, on compassionate grounds, the actuarial reduction on benefits paid early.

The College will not generally waive the actuarial reduction applied to benefits paid early under regulation B30(2) above. The College may consider waiving the actuarial reduction where exercising that discretion can be justified in terms of the sound business case made for initially paying those benefits or where other exceptional circumstances arise that make payment of those benefits justifiable. Each case will be considered on its individual merits.

## **9. Optional Contributions**

Under the Administration Regulations, members of the scheme returning from an approved period of unpaid absence is permitted to make payment in respect of the pension contributions that would have been payable if they had not been absent. The scheme member must make payment in respect of the first 30 days of absence to ensure that there is no break in service for pension purposes. Where a leave of absence extends beyond 30 days, the member can, within 30 days of their return to work choose to make payment in relation to the pension contributions for that period.

### **9.1 Late Contributions**

The College will not normally agree to extend this 30-day time limit, but may choose to extend the period by a further 30 days where a member can demonstrate extenuating circumstances.

## 10. Shared Cost AVCs

Members of the Local Government Pension Scheme have access to an Additional Voluntary Contributions (AVC) scheme which accepts member-only contributions. The Scheme Regulations do allow the College to set up an AVC which requires a contribution from the College, referred to as a 'Shared Cost AVC'. The College has exercised its discretion not to establish a shared cost AVC scheme.

## 11. Forfeiture of Pension Rights after Conviction

Regulation 66 of the Administration Regulations permits the College to make application to the Scottish Ministers to forfeit all or part of a scheme member's benefits, where the member has been convicted of a serious offence that is either 'gravely injurious to the State', or which is 'liable to lead to serious loss of confidence in the public service'. In the interest of maintaining such confidence, the College reserves the right to exercise this discretion should such circumstances arise.

## 12. Recovery or Retention of Pension Contribution due to Misconduct

Similarly, Regulation 68 permits the College to recover from a former member of staff's pension benefits any loss arising from a criminal, negligent or fraudulent act by the former member of staff, providing that all other efforts to recover monetary obligations have been exhausted. In the interest of maintaining confidence in public services, the College reserves the right to exercise this discretion should such circumstances arise.

## 13. Appeals

A designated person has been appointed in accordance with Regulation 54 of the Administration Regulations to receive appeals from members on first instance decisions (such as allocation of a tiered contribution rate).

Should you wish to make such an appeal, please write to:

Elaine Munro  
Deputy Principal  
Argyll College UHI Ltd  
Glenshellach Business Park  
OBAN  
Argyll PA34 4RY

## 14. Monitoring and Review

This policy will be reviewed regularly in line with good practice and any amendments to the regulations applicable to the operation of the pension schemes. The HR Department will be responsible for maintaining and reviewing this policy.

Date of Origin	Last Review Date	Next Review Date
August 2012	May 2018	May 2020