

**South Lanarkshire College
Finance and Resources Committee (Board of Management)
held on 5th November 2018**

Present Andy Kerr (Chair)
 Clare Gibb
 Stewart McKillop

 Robert Ralston – Chair of Audit Committee

In attendance Keith McAllister
 Angus Allan
 Angela Martin

 Lucy Nutley, Mazars (External audit)
 Ruth Holland, Mazars

Apologies Stuart Dillett

1. Declarations of Members' Interests

Mr McKillop and Mr Kerr declared their membership of The Lanarkshire Board.

2. Minutes of the Previous Meeting

The minutes of the meeting held on 5th September 2018 had previously been agreed by the Board of Management.

3. Finance Manager's Report

Mr McAllister stated that the main purpose of the report was to present the College's Audited Financial Statements for the 12 months to 31st July 2018 and the management accounts for the quarter to October 2018 and the management forecast for the year to July 2019.

Draft Financial Statements for the year ended 31st July 2018 (Appendix 2)

The Audit Committee had met directly prior to the meeting and had considered the draft Annual Report of the External Auditors to the Board of Management and the Auditor General for Scotland, and also had before them a copy of the draft audited financial statements.

The Audit Committee had, at their meeting, accepted the report of the external auditors, allowing the Finance and Resources Committee to consider the financial statements for recommendation to the Board of Management for approval.

Mr McAllister took members through the financial statements, highlighting salient points and, in particular, the transactions and the presentation of movements in the pension provisions and the liability held in the accounts re the Lennartz mechanism. He also made reference to the reconciliation of the management forecast presented to the September meeting of the Committee and the audited outcome (see Appendix 3D).

He asked the Committee to note the “Surplus before other gains / (losses)” which approximated to the figure presented via the management accounts each quarter. The figure for the year to 31st July 2018 was noted as £36k.

Members stated that it continued to be extremely important for the College to present a balanced budget.

The Principal highlighted that it had not been necessary for the College to access the overdraft facility but members agreed it remained important to have facility available. The move into a positive cash situation had been a stated short / medium term aim in the College’s financial strategy of two years ago and members welcomed the current position.

Members then recommended the Financial Statements to the Board of Management for approval.

Principal Accounting Policies

Mr McAllister confirmed that no changes had been applied to the Principal Accounting Policies during the year.

Members noted the content and recommended the content to the Board of Management for approval.

Annual Audit Report to the Board of Management and the Auditor General for Scotland – for the year ended 31st July 2018

Ms Nutley informed the Committee that this would now go to the Auditor General with the College Accounts.

Mr McAllister stated that the SLC Accounts had been passed to The Lanarkshire Board to be incorporated into the Consolidated Accounts. Members noted this information.

Management Forecast for the 12 Months to July 2019

Mr McAllister stated that although still early in the year, there are some points to be highlighted that have affected the year end forecast. The effects of the national collective bargaining have still not been fully established. Any forecast would have to contain the proviso that settlements may result in an increase in salary costs over that which had been provided for. However, funding has been received from the Funding Council in respect of some of those costs.

He then highlighted that the College has been successful in bidding for a local authority activity (the Inclusiveness Fund), providing an increase in expected income over budget. Members agreed that this additional funding was extremely positive.

Payroll – discussion took place in on the effects of national bargaining. The Principal informed members that an additional £627k had been given to the College to support this in the 2018/19 financial year, of which £39k had been back-dated to take account of 2017/18 costs. Ms Gibb stated that it would be beneficial for the Committee to have an assessment of this additional money compared to the additional costs incurred. Mr McAllister agreed to do this. It was noted that this additional funding could only be drawn down after the relevant expenditure had been incurred.

Discussion then ensued on the financial impact across the Sector and the monitoring of these additional costs.

The Principal stressed that the forecast for salaries cost was calculated in relation to the activity target allocated to the College. He stressed that, as the College's greatest cost, this was continually monitored.

Mr McAllister directed members through the details relating to alternative funding, salaries and academic supplies.

Members noted the predicted surplus figure of £86K and that the forecast would be taken forward to the Board of Management.

Monthly Cashflow Forecast for SFC – October 2018

The document was reviewed and noted by the Committee. The predicted positive bank balance throughout the year was also noted.

Report on Estates and Facilities

The Principal thanked Ms Gibb for taking the time to work on the content of this report. More changes and improvements would be required going forward but it was noted that progress had been made.

Members asked that, in the reporting of service control, any area which was rated in 'RED' should have some explanatory narrative. The Principal agreed that this would be arranged.

Members noted the content of the report.

Report on Procurement

Mr McAllister stated that the report summarised activity in the area of procurement. He added that the College continued to extend its procurement activities through the use of the framework agreements made available via APUC.

Members noted that APUC monitor the College's spending within the relevant procurement frameworks and advice was sought from the APUC officer when larger purchases were being sourced to ensure that the College complied with procurement requirements.

Ms Gibb expressed thanks for the breakdown of the information. Some discussion took place in regard to referencing within the benefits statement table and it was agreed that explanations would be incorporated in the next report to the Committee.

Procurement Strategy

Mr McAllister stated that the College is required to have a Procurement Strategy. The College Procurement Officer had drawn together a strategy from best practice and guidance of APUC and other appropriate sources. This would now be utilised for all College procurement.

Members asked that the strategy be linked into the College's delegated financial authority. Mr McAllister agreed he would produce an appendix to the report to go forward to the Board of Management.

The document, subject to this addition, was approved for presentation to the Board.

4. Draft Annual Report of the Finance and Resources Committee to the Board of Management.

Mr McAllister stated that through the Board Effectiveness exercise it had been agreed that it would be good practice for all Committees to follow the example of the Audit Committee and prepare an Annual Report to the Board of Management. This report would highlight attendance, terms of reference and the work done and considered by the Committee throughout the year.

The Finance and Resources Report was presented to the meeting, particular mention was made of governance matters and of financial monitoring undertaken during the year and the assurance that this gave to the Committee and the Board in its deliberations and decision making.

Members considered the content of the report and approved it to the Board of Management.

5. Approval – Publication of Committee Papers

Ms Martin informed members that all documents presented to the Committee would now hold a 'header' indicating if it was subject to publishing. The alternative was a listing produced by the reporting officer in the case of Finance and Audit. She added that although all appropriate papers were already published on the website, this would formalise the process.

Members welcomed this process and agreed the following for publication:

- Agenda, Minutes, Head of Finance Report and the Procurement Strategy.

Once approved by the Board of Management, the Financial Statements would be made available on the Scottish Funding Council website and the College's own website once they had been laid before, and approved by, the Scottish Parliament.

There being no further competent business the Chair closed the meeting by thanking everyone for their attendance.