

South Lanarkshire College
Finance and Resources Committee (Board of Management)
Held on 14th November 2016

Present	John Gallacher (Chair) Clare Gibb Stewart McKillop Robert Ralston (Chair of Audit Committee)
In attendance	Angus Allan Keith McAllister Angela Martin
Apologies	Stuart Dillett

1. Declaration of Members' Interests

No declarations were received.

2. Minutes of the Previous Meeting

The minutes of the meeting held on 30th May 2016 had previously been approved by the Board of Management

3. Matters Arising

Financial Statements – at the meeting on the 30th May 2016, Mr Gallacher had raised an interest on the publication of the published accounts across the Sector and how the other colleges may have fared. Mr McKillop stated that the overall picture for the Sector had been poor with 16 colleges predicting a deficit for 2016/17. Mr McAllister stated that all accounts were available for public scrutiny.

National Bargaining – an update was given by the Principal on the current position in National Bargaining for both EIS and Unison. Mr Gallacher updated members of the information which had been given at the Funding Council, Board Training Event.

Grant-in-Aid – discussion took place regarding the allocation of grant-in-aid across Lanarkshire and the key cost to all organisations of salaries. Members were assured that all salary expenditure was fully scrutinised every month. The Principal added that, in addition to this, the Senior Management Team met to discuss class size and contact hours for lecturers.

Members agreed that this continuous monitoring was essential in this key cost area.

Procurement – the work with the APUC was proving extremely positive. A conference for suppliers and, in particular, for SMEs to assist them in preparing

tender submissions, had been arranged at New College Lanarkshire and, if required, an additional one would be organised in-house for our local suppliers.

Lennartz - Mr McAllister updated members on the appeal to HM Revenue and Customs re Lennartz. He reported that the professional firm engaged by a group of colleges to pursue their appeal had withdrawn their services as they felt that the case was not one which could be won. Mr McAllister asked for approval not to pursue the claim further and this was agreed. The College had not incurred any cost in being part of this action.

4. Draft Audited Financial Statements for 12 months to July 2016

Mr McAllister stated that, in line with the FRS 102, changes had been made to last year's figures and this has caused relatively dramatic changes to the prior year comparatives. He added that the College had worked to a checklist and looked for examples of good practice across the Sector.

Discussion took place about the format and the transition to SORP 2015. All agreed that a format agreeable to the Auditors had been reached and the use of management accounts to update the Committee would be the best way forward.

Members agreed that it would prove increasingly difficult for the College to make income predictions and maintain adherence to budgets until there was a measure of stability in the sector's funding. The Principal stated, however, that the College would continue to work towards a balanced cash budget on an annual basis.

Mr McAllister drew members' attention to the Statement of Comprehensive Income and Expenditure. However, he cautioned members to note that, due to the one-off changes made following the transition to FRS102, the accounts did require to be analysed thoroughly. In that regard, he also drew attention to the management accounts schedule Appendix 3D which mapped out the reconciliation of the management accounts to the published accounts. This schedule highlighted that the surplus based on management accounts was just above breakeven.

Discussion ensued on the draft published accounts and members then agreed the Audited Financial Statements for the 12 months to July 2016, having been discussed in conjunction with the assurances of the Audit Committee, could now go forward for approval by the Board of Management at the December meeting.

5. Draft Annual Report of the External Auditors to the Board of Management and the Auditor General for Scotland

Members were informed that this document had been distributed for their information and that it had previously been presented to the Audit Committee. **They had acknowledged that it contained an unqualified audit opinion and they had agreed to remit it to the Board of Management for approval.**

6. Management Accounts – Quarter to October 2016 and Year to July 2017

Having distributed the document prior to the meeting, Mr McAllister asked members to note the content. Discussion took place in regard to contingencies for and the generation and incorporation of non-core income into the projections.. Again, Mr McKillop stressed that the College was looking to produce a balanced budget for the year.

Mr Gallacher enquired about the latest progress in relation to the tendering process for the College Nursery. The Principal stated that, having been satisfied re the potential complications of local authority childcare funding, this would now go ahead in the New Year.

The Committee then agreed to forward the Management Accounts to the Board of Management in December 2016 for their information.

7. College Foundation

Discussion took place in regarding to the standing of this body. Mr McAllister explained that the Foundation stood as an entirely independent body, and not as a subsidiary of the College.

8. Remit of the Finance Committee

Ms Martin stated that the remit was draft for agreement by the Committee and then referred to the Board of Management for final approval. She explained the changes made in relation to legislation and the inclusion of items once covered by the Property and Estates Committee.

Members noted the changes and agreed the Remit for approval at the Board of Management.

9. Report on Estates and Facilities

The Committee reviewed the report and Ms Gibb asked about planned preventive maintenance and the opportunities for applying for grants. Mr McAllister agreed to keep the Committee informed of potential developments in this area.

10. Board of Management – Activity Calendar

Ms Martin stated that this would very much be a working document which would change in line with the requests of the Board and its Committees. The Committee agreed the contents listed in relation to the Finance Committee.

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