

**South Lanarkshire College**  
**Finance and Resources Committee (Board of Management)**  
**Held on 6<sup>th</sup> November 2017**

**Present** John Gallacher  
Clare Gibb  
Stuart Dillett (by phone)  
Stewart McKillop

Robert Ralston (Chair of the Audit Committee)

**In attendance** Keith McAllister  
Angela Martin

Lucy Nutley, Messrs Mazars (external audit)

**Apologies** Angus All

**1. Declarations of Members' Interests**

No declarations were received.

**2. Minutes of the Previous Meeting**

The minutes of the meeting held on 6<sup>th</sup> September 2017 had previously been approved by the Board of Management.

**3. Finance Manager's Report**

Mr McAllister stated the main purpose of the report was to present the College's Audited Financial Statements for the 12 months to 31<sup>st</sup> July 2017, the management accounts for the quarter to October 2017 and the management forecast for the year to July 2018.

The Audit Committee met directly prior to this Committee 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 this 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.

Draft Audited Financial Statements for the year ended 31<sup>st</sup> July 2017

Mr McAllister directed members to the Statement of Comprehensive Income and Expenditure (p.33) and the indicated surplus of £15K for year ended 31<sup>st</sup> July 2017. The Principal stressed the importance of the College reporting a balanced budget performance.

Discussion took place regarding the increase in staffing costs and the meeting of these costs in light of the pay awards being agreed through national bargaining. Members enquired as to the financial risk to the organisation. The Principal stated that the Scottish Government had made a commitment to fund the increases in lecturing costs over a two-year period, although it was not

entirely clear whether this would cover all national bargaining increases. He added that after that two-year period, it would be the College's responsibility to address this.

#### Performance Report (p.8 and 9)

Members noted that the College had met its performance targets and had indeed done so for the last seven years. The Principal highlighted that at present the College was 4000 credits ahead of target. Discussion took place in regard to the expansion of the College at a time when many others are contracting. It was noted that the College maintained high attainment rates and that measures were in place to ensure that the quality of provision was maintained.

Members' attention was drawn to the content of note 26 – Central Government Accounting and that some narrative would be added to this area for clarification, as requested by the Auditor.

Discussion then took place regarding note 27 – Summary of Bursary and Other Student Support Funds. Mr McAllister highlighted that the College receives almost £4M each year in student support funds and careful management had resulted in a minor underspend which would be returned to SFC. He stressed the importance of not overspending in this area as it would result in a direct cost to the College.

**Mr McAllister asked members to note that there would be minor changes to the financial statements, some of which had been included in a separate page entitled "Review of Annual report and accounts" which members had been issued with. These changes, however, were largely presentational and there would be no changes to the figures contained in the statements.**

**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 document 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 31<sup>st</sup> July 2017

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

#### Management Forecast – 3 months to October 2017 and the year to July 2018

Mr McAllister stated that the Management Accounts show a projected surplus for the year to July 2017 of £33K which is marginally higher than budget. This is healthier than this time last year.

Members noted that the effects of national collective bargaining and that the effect for the current financial year had still not been established. The awards of all staff had not yet been agreed and Mr McAllister stressed that any forecast would have to contain the proviso that settlements may result in an increase in salary costs. It was also stressed it has not been clarified to what extent the Funding Council would be meeting additional award costs.

The Principal stated that the cashflow would continue to be challenging but he was confident that the College's long-term objective of not having to use the overdraft facility would be achievable in the medium term.

John Mather Trust – explanation was given of this fund awarded to the College. Members noted and welcomed these monies and the benefits to the students.

**Members agreed that subject to the minor changes the Management Forecast should be forwarded to the Board of Management for approval. An updated copy would be forwarded to members and to Mr Ralston, Chair of Audit in advance.**

Return in Public Sector Format showing the Funds received from Scottish Funding Council in the half year to September 2017

Members noted the content of the reports, Resource Budget Control – College Quarter Resource from 1<sup>st</sup> April to 30<sup>th</sup> September 2017, Annual Budget Return to 31<sup>st</sup> March 2018 and Cash to RDEL Reconciliation for the Financial Year to 31<sup>st</sup> March 2018. Discussion took place regarding the double handling of reports to satisfy the needs of external bodies.

#### **4. Estates Report**

Members noted the content of the report. Discussion took place around the allocating of this report to the Finance and Resources Committee and the need to improve the content and formatting of the report. In particular, members wished to be kept informed of efficiencies/savings being made.

It was agreed that Ms Gibb would meet with the Principal to take forward the changes to this report.

#### **5. Procurement Report**

Mr McAllister stated that Scottish Public Procurement is governed by a legal framework which stems from the European Procurement Directives. He added that at present South Lanarkshire College did not have full procedures and processes in place to ensure meeting with the legislation defined by Scottish Government but that APUC (Advanced Procurement for Universities and colleges) is providing assistance and expertise via a placement within the Finance Department.

Discussion took place in regard to the content of the report and in particular the savings being achieved through collaborative tendering. Members welcomed this and commented on the excellent information within the report.

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

