

**South Lanarkshire College
Finance and Resources Committee (Board of Management)
Held on 2nd November 2020**

Present C Gibb (Chair)
S Dillett
P Donnelly

In Attendance A Kerr
A McKechnie
K McAllister
L Glen (as Chair of the Audit Committee)
C Sweeney

1. Apologies - none

2. Declarations of Members' Interest

Mrs McKechnie and Mr Kerr declared their membership of The Lanarkshire Board. Mr Kerr also declared his membership of the Board of the Scottish Funding Council.

3. Minute of the Previous Meeting

The minutes of the previous meeting were approved.

4. Matters Arising

None.

5. Head of Finance Report

Mr McAllister spoke to the key points of his report, noting that the main purpose of was to present the College's Audited Financial Statements for the 12 months to July 2020. These had been discussed by the Audit Committee at its meeting immediately prior to the Finance Committee – the Audit Committee had agreed to (a) recommend approval of the report of the external auditors to the Board of Management and (b) that the Finance Committee could consider the Audited Financial Statements based on the external audit report.

6. Draft Audited Financial Statements to July 2020

Ms Gibb noted that the statements were showing a deficit for the College, reflecting the current climate. She noted the uncertainty around material valuation; that the issue around pensions valuation would be common across the sector. Mr Kerr asked that the College prepare a statement in the event of press interest. Action – KMCA.

Ms Glen provided an overview of the Audit Committee discussion for the benefit of the wider membership of the Finance Committee. She noted that this was a clean report from the Auditors; that there was a satisfactory approach to risk management; and that the key issue was a late adjustment to pensions due to issues with valuations. This,

however, would not require a change to the figures within the Financial Statements, only to the notes. She confirmed that the Audit Committee had approved the Financial Statements to go forward to the Finance Committee.

Ms Donnelly asked about the risk of qualification. It was confirmed that it was important to make the disclosure.

Ms Gibb raised the issue of the absence of an Estates Strategy. Mr McAllister confirmed that a robust report on estates would be presented at the next Finance Committee meeting. The work on operational planning across the College to ensure learning outcomes are protected remained a work in progress and this would support the paper on Estates investment. Progress against the key recommendations of the Gardner & Theobald report on Backlog Maintenance issues would also be reported. Action: KMCA.

Following discussion, the Finance Committee agreed to recommend approval of the Financial Statements by the Board of Management.

7. Draft Annual Report for the External Auditors

Following discussion, the Finance Committee noted the content of the draft Annual Report.

8. Updated Budget 2020-21, dated October 2020

The Committee discussed the updated budget and noted plans to return to the budget in January 2021 to review income and expenditure and that a report will be provided to Committee in February 2021. This report will also update budget projections for the years 2021/22 and 2022/23. It was noted that there will be a renewed focus on income generation and increased monitoring of expenditure across all areas of the College.

Ms Gibb noted that the College retained its overdraft facility; and that there may be value in taking longer to recover the deficit. Ms Donnelly asked if there would be a penalty for not balancing the budget over the threeyear period; and if there might be scope to access SFC transformational funds. Ms McKechnie noted that the expectation was that these would be restricted to support voluntary severance. Mr Kerr suggested that there may be value in seeking to prepare a case to the SFC for additional resources for a future date. The plans to dissolve the regional college structure were noted.

There was a general discussion on the scope to increase the college offering, such as via increased digital training. A paper to be taken to the Development Committee in the New Year. Action – AMK.

The Committee agreed to recommend approval of the updated Budget 2020-21 to the Board and the revisiting of the forecast for the following two years at the next meeting.

9. Management Forecast – Year to July 2021

The Committee noted that Management Forecast and plans for refresh early in the New Year.

10. Monthly Cashflow Forecast for SFC

Mr McAllister provided an overview to Committee members, advising that a new approach to monthly monitoring of all College income and expenditure was being introduced.

11. Report on Estates and Facilities

Mr McAllister provided an overview of the paper provided; noting investment in estate management; in digital provision for students and staff. He confirmed that it had been agreed in Audit Committee that a formal update paper on estates, including capital investment, would be presented to Finance Committee in the New Year.

The performance issues with Idverde were discussed and future plans noted.

The Committee noted the Estates and Facilities report.

12. Report on Procurement

Mr McAllister noted the support provided by APUC to help drive efficiency savings within the College and across the sector. He advised that a report from APUC would come to the Committee in the New Year and that this would test against wider considerations, such as Fair Work, environmental impact, etc.

The Committee noted the Procurement report.

13. AOCB

None raised.