

**South Lanarkshire College  
Finance and Resources Committee (Board of Management)  
Held on 4<sup>th</sup> November 2019**

**Present**                   Stuart Dillett (Chair)  
                                  Tricia Donnelly  
                                  Stewart McKillop  
                                  Paul Hutchinson

Lesley Glen (Chair of Audit Committee)

**In Attendance**       Keith McAllister  
                                  Angus Allan  
                                  Angela Martin

**Apologies**             Clare Gibb

**1. Declarations of Members' Interest**

Mr McKillop declared his membership of The Lanarkshire Board.

**2. Minute of the Previous Meeting**

The Minutes of the meeting held on 4<sup>th</sup> September 2019 had previously been agreed by the Chair of the Committee and 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 12 months to 31<sup>st</sup> July 2019, the management accounts for the quarter to October 2019 and the management forecast for the year to July 2020.

Draft Financial Statements for the year ended 31<sup>st</sup> July 2019

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.

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. Ms Glen, Chair of Audit and in attendance at the meeting, affirmed this to be the case.

It was noted that a minor adjustment in respect of a late revaluation of the College's Strathclyde Pension Fund liability was to be made to the Financial Statements; this would amend the figures by £11k. The updated Financial statements would be submitted to the Board of Management.

It was also noted that an updated version of the report from the external auditors had been circulated, although there had been no changes of substance. Members noted that the updated version of the report would be submitted to the Board.

Mr McAllister then took members through the Financial Statements, noting that the figures mentioned would have to be updated for the effect of the revaluation adjustment.

The surplus, before other gains/losses for the period, was £230K, in 2018 this figure had been reported at £36K. This excludes the actuarial loss in 2018/19 of £1,332K and a gain of £1877K in 2017/18 in respect of the support staff pension scheme. In 2017/18 there was also an unrealised surplus on the revaluation of land and buildings amounting to £1,795K. There was no revaluation in 2018/19 and thus no movement figure in the accounts. These figures decreased the comprehensive income for the year to £ (1.102)K; in 2017/18, this figure had been a positive of £4,000K.

The College requested a valuation of its support staff pension liability without reference to Guaranteed Minimum Pension. The external auditors subsequently requested that these be done on 24<sup>th</sup> October 2019. This was too late to amend the Annual Finance Statements. As mentioned, the College has now received the updated valuation and the documents will be amended to reflect the additional liability of £11k.

Discussion then took place in regard to the detail and members agreed that subject to the given amendment the Draft Annual Financial Statements for 2018/19 could go forward to the Board of Management for approval, subject to the minor amendment re the pension liability.

#### Management Forecast – 3 months to October 2019 and year to July 2020

Mr McAllister drew members' attention to the detail of the forecasts. The Management Forecast shows a projected surplus for the year to July 2020 of £44K, marginally lower than the budget figure of £87K. As a result of contracts being awarded subsequent to the setting of the budget, both income and expenditure will increase.

Detailed discussion ensued on the status and importance of College reserves and the external restrictions in place which impacted on this process. The Principal stated that the College's main aim was to use any additional monies to enhance the student experience. This would include changes to estates, introduction of new systems and continuous updating of IT facilities. He added that it was crucial that the College continued to strive to increase its alternative income.

The cashflow forecast document as remitted to the Scottish Funding Council in October was discussed. Members noted that the College did not expect to be in overdraft over the course of the year but that the facility did remain in place should it be required.

Discussion then took place in regards to the College gaining interest on monies. It was agreed that Mr McAllister would investigate options and come back to the Committee.

Members noted that the College's cashflow position would continue to be subject to strict scrutiny by the management team and would be reported regularly to the Committee and

Board of Management. All agreed that the College continued to present a healthy set of accounts even in times of particular difficulty.

The Principal informed members that the College had received an additional £35K in its 2019/20 grant-in-aid allocation for the payment of student counsellors. Members were already aware that the College had three counsellors in post already and that in spite of this waiting lists still existed. He added that it was therefore his intention to seek permission from the Human Resources Committee for this money to be used to recruit additional counsellors. Members welcomed this course of action.

#### Report on Estates and Facilities

Mr McAllister stated that as reported in the Procurement Report, there are a number of estates-related contracts being reviewed and being subject to tender. As this will be ongoing, a short-life working group has been set up to manage the utilisation of the backlog maintenance grant received. He added that a report would be presented to the next Finance and Resources Committee meeting.

Members noted the detail of the Estates and Facilities report and welcomed the additional backlog maintenance grant of £221K received by the College.

#### Procurement Report

The report summarises all activity in the area of procurement. The College continues to extend its procurement activities via the use of framework agreements made available via APUC.

Mr McAllister highlighted the work being done to support suppliers, especially smaller businesses to ensure that they met the requirements of the framework to allow them to tender. The College intended to hold a suppliers' event in the early part of 2020, possibly in conjunction with New College Lanarkshire

Members note the content of the report and in particular the work being undertaken on the extension of procurement throughout the College.

#### Draft Budget for the 5 years from 2019/20 to 2023/24 – (supplementary paper, tabled at meeting)

The Scottish Funding Council had requested that the College reformulate its 5-year forecast. The initial forecast, already approved by the Board, had assumed that the income reduction due to the loss of EU activity in 2022/23 would be replaced; the Funding Council asked that a replacement forecast be produced assuming this not to be the case. Mr McAllister had distributed an updated 5-year forecast taking this instruction on board to members prior to the meeting and he took members through the detail. College management were still confident that a breakeven situation would be possible for the period, but this was heavily caveated and it was accepted that close management scrutiny of finances would have to be maintained for the duration of the monitoring period. The meeting noted the required increase in non-core income and restrictions in expenditure that would be essential to make this feasible.

A new Financial Forecast Return and supporting papers would be presented to the next meeting of the Board for their approval.

#### **4. Annual Report from the Finance and Resources Committee to the Board of Management**

Ms Martin 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. This will be the second year of following this practice and it had been noted and welcomed by the College auditors.

Members considered the content of the report and agreed it would go forward to the Board of Management on 26th November 2019.

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