

Item 4 FC 20/11/2017

Minute - Finance Committee

5.00 pm 11th September 2017 Board Room Cumbernauld Campus

Present: Kenny Anderson, Moira Jarvie, Martin McGuire, Stuart Reid

In Attendance: Iain Clark, Gordon Kerr, Keith McAllister, Diane McGill, Linda McTavish, Penny Neish.

1. Chair's Welcome

The Chair welcomed everyone to the meeting of the Committee.

2. Apologies

There were apologies from Paul O'Donnell and Stewart McKillop.

3. Declaration of Interest

Iain Clark and Moira Jarvie declared an interest in Item 5 on the agenda as Directors of AMCOL Ltd.

4. Draft Minute of the Meeting of 5th June 2017.

The minute was approved

5. Matters Arising

5.1 Nursery Review: The Chair informed the committee that the short term working group to review the nursery provision that was agreed at the last meeting had been set up with him as chair and with Paul O'Donnell and Dave Winning as members. It had its first meeting on the 19th June 2017 and he will now speak to the NCL Principal and key members of staff. The group will report back solely to the Finance Committee which will make a recommendation in due course to the Board.

5.2 Catering review: The Chair informed the committee that he and Iain Clark had met with the catering team last Wednesday to review the catering contract. **Four issues were highlighted from the review.**

- **Level of absence due to sickness:** It was noted that this was above national average and it was recommended that the catering team breakdown the figures presented further in order to better monitor the position. It was also recommended that they continue to work closely with HR in order to improve the position. There was also evidence of positive staff development and this should be continued and highlighted.
- **Faculty Relationships:** It was recommended that the catering team reflect on the relationship with Faculty staff and suggested that they meet with faculty staff to better understand how they could work closer together to benefit College students.
- **Service:** The catering team should continue to work on service across all campuses and reflecting on how best they can manage expectations. Discussed how enhancements could be made from surplus.
- **Financial Performance:** The catering team commented on the assistance they received from the College, especially the finance team. The Chair commended the team on the progress that has been made.

Action: Catering team to provide a written report to the committee until further notice. There will be no need for the team to attend the committee meeting.

7. SFC Funding Update

7.1 Update on 2017-18 budget discussions with SFC

Linda McTavish reported that there had been a meeting with the Chair and Chief Executive of the SFC. The main issues discussed were funding for the Lanarkshire Region and of funding for National Bargaining for the Lanarkshire colleges and it was emphasised that NCLAN had already harmonised salaries at merger. The SFC had listened to the arguments presented and a letter of acknowledgement had been sent to Linda McTavish. Martin McGuire advised that there was discussion about the issue of fairness in the allocation to colleges who harmonised at merger amongst some of the college Principals and a meeting will be held to discuss this issue. It was noted that while a national solution would be recommended there was an obligation for the board to highlight the position of Lanarkshire.

Action: The dialogue continues about this issue and there will be a further report to the next meeting of the committee.

8. Regional Finance Reporting

8.1 Update from the Regional Finance Working Group

The Chair informed the committee that he would speak to both Principals about the future operation of this group and how it can best deliver on governance in relation to the Chief Officer role that Martin McGuire has for the Lanarkshire Region.

8.2 Update on the Legal Basis for Consolidated Accounts

The committee has received a paper referred from the Audit Committee setting out an update on this issue and options for the preparation of the accounts. The committee was informed that the Audit Committee had decided to approve option 2 the preparation of audited accounts for both NCL and SLC and then accounts for the Lanarkshire Board. Linda McTavish informed the committee that she had had talks with the SFC about the additional costs of producing three sets of accounts. There may be support for regional finance measures.

9. SLC Finance Committee

9.1 Meeting 8th May. Keith McAllister highlighted the following:

- The committee had received the Management Forecast for the 12 months to July and this showed a projected surplus of £18k.
- The college will develop a five year financial strategy as required in Audit Scotland's report on the college sector and this will be incorporated into the college's overall strategic plan.
- The budget processes have been adjusted to produce a more strategic approach to budgeting
- The committee was asked to recommend the budget for the 12 months to July 2018 and forecast for the period to July 2012 to the Board
- The procurement officer is working with NCL's equivalent on the waste management contract

9.2 Meeting of the 6th September 2017. Keith McAllister noted the following from his report:

- The Management Forecast – the college continues to be on track to achieve a balanced budget.
- It was reported that the Audit Committee if the RSB had recommended that consolidated accounts be produced for 2016/17
- A finalised draft of the 5 year financial forecast for 2017/18 – 2021/22 was approved for recommendation to the Board and it was noted that the college aim to have a balanced budget for the period of the review.
- The joint procurement with NCL on waste management had resulted in a material saving for the college and to improvements in service on the contract.

NB: Keith McAllister and Gordon Kerr left the committee meeting at this point.

10. NCL Finance Report

10.1 2017/18 Proposed NCL Budget

The committee was informed that the SFC had received the scenario plan that they had requested from NCL on the 18th August 2017. The scenario plan has a direct impact on the budget depending on the options, if any, that the college agrees with the SFC. There has as yet been no detailed response from the SFC on the scenario plan. The committee does not want, in principle, to recommend a deficit budget to the board. The committee noted that the proposed budget was a deficit budget due to the underfunding of the College. The committee noted that underfunding is the subject of ongoing dialogue with the SFC. The committee could not consider the budget until a detailed response was received from the SFC.

Decision: The committee, after discussion, decided to note the budget and not to recommend it at this juncture to the Board. There is a further meeting scheduled with the SFC at the end of September which will be reported to the Board meeting on the 2nd October 2017.

10.2 NCL Quarterly Management Accounts to June 2017

Iain Clark presented the management accounts to June 2017 to the committee which included a 2016/17 Year-end forecast. The committee was informed that an updated I&E forecast based on “actuals” to May was showing an improved position on the previous forecast in February, with a revised forecast deficit of c£1,600k/c£1,700k due to a number of factors. Iain Clark informed the committee that cash flow has to remain tightly controlled but funds would be exhausted earlier in the next year without additional support i.e. February 2018 as opposed to the March position this year. The committee noted the position.

10.3 NCL Resource Return

The committee noted that the Resource Return will change when the Scenario Plan is agreed by the SFC. The committee noted the return.

10.4 Update on Tax on VS payments.

The committee was impressed with the progress made to date and noted the report.

Action: To continue to pursue payments and a further report will come to the next meeting of the committee.

11. Chairs Update: NCL Finance Review

The Chair updated the committee that he and Martin McGuire had met with Jim Godfrey and that Jim Godfrey had agreed to do further work re the review of finance and to undertake team building. There has been a positive change in attitudes though there are still issues such as communication to be improved upon. These will be addressed in the team building activities.

12. Approval of the Publication of Committee Papers for this meeting.

The committee approved the following papers for publication:

- The agenda
- Minutes of the meeting when approved after the next committee meeting
- The paper for Item 8.2 on consolidated accounts
- The minute of the SLC Finance and Resources Committee 8/05/17– link to SLC website

The committee agreed that the other papers were non-disclosable.

13. AOB

The committee was informed that £1,023,782 had been allocated to the Lanarkshire Region out of a total of £10 million from the Flexible Workforce Development Fund 2017/18. This fund is to provide employers with workforce development training to up-skill and re-skill their workforce.

14. Date of the next meeting: The date for the next meeting is the 20th November 2017 at 5pm at 101 Park Street Coatbridge Campus.