

Item 4.1 FC 12/03/18

Minute - Finance Committee

5.00 pm 20th November 2017 101 Park Street Coatbridge Campus

Present: Kenny Anderson, Martin McGuire, Paul O'Donnell, Stuart Reid (by telephone)

In Attendance: Iain Clark, Keith Fulton, Keith McAllister, Janice McAulay, Stewart McKillop, Diane McGill, Linda MacTavish, Penny Neish, Derek Smeall

1. Chair's Welcome

The Chair welcomed everyone to the meeting of the Committee.

2. Apologies

There were apologies from Moira Jarvie.

3. Declaration of Interest

There were no declarations of interest.

4. Draft Minute of the Meeting of 11th September 2017.

The minute was approved

5. Matters Arising

There were no matters arising that were not included in the agenda for the meeting.

6. SFC Funding Update

Linda MacTavish and Martin McGuire updated the committee as follows:

- There has been ongoing dialogue with the SFC about the funding for NCL. Martin McGuire advised that the College senior team had replied to a number of additional requests from the SFC.
- Linda MacTavish advised of her ongoing communication with SFC and that she had expressed to the SFC the governance issues that were the consequence of the scenario planning process.
- The committee were advised of the ongoing discussions regarding voluntary severance scheme, ELS and Workforce Development Fund.
- The committee were informed of the letter from external auditors to the SFC.
- The committee noted the grave concerns expressed by the prolonged process and the issues raised by Linda MacTavish. Kenneth Anderson expressed the importance of the senior team to continue to engage and work with the SFC. He would update the full board on any progress and the concerns raised in terms of the process.

7. Regional Finance Reporting

7.1 Kenneth Anderson updated the committee that the time and resource that has been going into the finance and budget discussions has impacted on the capacity of the senior Finance Team at NCL to take Regional Finance Reporting forward.

Decision: Kenneth Anderson and Linda McTavish will discuss this and the issue of getting more resource into this area and also hold discussions with the SFC.

8. SLC Finance Committee 6th November 2017

8.1.1 Keith McAllister highlighted the following:

- **Draft Audited Financial Statements** for the year ended 31 July 2017: The Chair of Audit confirmed that the Audit Committee had reviewed and accepted the report from Mazars which contained an unqualified opinion on the Financial Statements. The Financial Statements will go forward for approval by the Board of Management at their December meeting.
- **Draft Annual Audit Report of the External.** This gives an unqualified audit opinion and the Audit Committee had agreed to remit it to the next Board of Management for approval.
- **Management Forecast – Quarter to 31 Oct. 2017 and year to 31 July 2018.** The Committee noted that the Forecast for the year was predicting a minor surplus, as per Budget. The Principal emphasised that the College would continue to look to produce a balanced budget year on year. The Head of Finance cautioned that income from some sources was still liable to fluctuate and was uncertain. In addition, the full effect of national collective bargaining was still unknown. Re the latter, it was hoped that a clearer picture would emerge in time for reporting at the next meeting of the Committee. Discussion took place on the arrangements imposed on the sector re the use of net depreciation to fund the organisation, which the Head of Finance stated was not helpful as regards cash flow.
- **Report on Estates and Facilities:** The SLC Committee reviewed the Report. There will be a refreshed report to the next committee.
- **Report on Procurement:** The SLC Committee noted the work being undertaken in the area of procurement. They particularly welcomed the work being done re joint procurement with New College Lanarkshire. The Head of Finance stated that the arrangement to have a member of APUC working in the College was a huge benefit to the College and an example of this was the recent joint tendering exercise carried out re waste management with NCL which had resulted in significant savings for the College.

8.1.2 Stewart McKillop emphasised that National Bargaining is a big issue and the detail of what costs will be met is not clear. Martin McGuire also raised the issue that colleges including NCL that were already paying higher salaries would not get these costs covered by the SFC while others that would now pay these salaries would get their costs covered. This is an ongoing issue being raised by the colleges affected.

8.1.3 The Finance committee noted the report.

NB: Keith McAllister and Stewart McKillop left the committee meeting at this point.

9. NCL Finance Report

9.1 2017/18 Proposed NCL Budget

9.1.1 The committee was informed of the discussion with the SFC on a number of issues raised since the draft business scenario plan was submitted on 10th May as follows:

- The ELS Access & Inclusion funding. The funding was presently being considered by the SFC.
- The Workforce Development fund. There were ongoing discussions with SFC in terms of the implementation of the fund. So far implementation by NCL was going well, with engagement with local companies. A lifting of the cap would be beneficial.
- The Chairs committee on the 26th October 2017 approved by written procedure that NCL would submit a draft model voluntary severance scheme (VSS) to the SFC for the SFC's approval. In addition, the College were subsequently waiting to hear from the SFC that funding for the agreed voluntary severance scheme would be approved. The Committee discussed the VSS and noted the importance of communication. The Chairs committee was due to meet on 27th November and would consider at that stage if further correspondence had been received from SFC. Any issues could be clarified at that meeting. If the terms of the VSS are agreed then the College will as soon as practically possible inform the Unions. It was agreed board members would also be advised of the terms of the scheme.

Decision: It was agreed that there needed to be a communications strategy in place when the VS scheme is announced.

9.1.2 The committee noted the ongoing budget discussions and the fluidity of the situation and that the college was very actively engaged in discussions with the SFC. However, the committee still felt it could not recommend a deficit budget to the board. In meantime, the committee has to ensure that the college's fiduciary duty is applied. There was assurance from the Vice Principal Resources that there were strong controls on spending at departmental level and that spend would be controlled by this mechanism if additional funds were received from the SFC to reduce the deficit i.e. core spending would not rise if additional funds were received although there may be some direct expenditure wholly related to the additional funding

Decision: The committee, after discussion, decided to continue to note the budget. In meantime the budget will be managed through the reporting of variances.

9.2 NCL Quarterly Management Accounts to October 2017

The full year budget figures have yet to be submitted to the relevant committees and the Board. The operating position is a deficit of £365K which is £743K favourable to budget largely due to timing difference between budget and actuals spend.

The committee noted this report.

9.3 NCL Resource Return

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

9.4 Update on Tax on VS payments.

The committee was updated that 3 cases are still being pursued and were at different stages.

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

10. Update on NCL Catering Contract

The committee considered the NCL Internal Catering Services Report which is reporting a £47k surplus. This is £3k up on this time last year and follows a loss of funding due to closure of the Coatbridge Campus for two days due to issues with the water supply. The committee commended

the work done by the staff. It noted that the service is working more closely with HR and wants to continue to monitor the levels of absence in reports that come to the committee.

11. Chairs Update: NCL Finance Review

The Chair updated the committee that Jim Godfrey has been commissioned to undertake an update following the review of finance. He will report further to the Chairs committee. The Chair and Martin McGuire will attend a meeting of the finance team on the 29th of November to discuss how to take this forward.

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 minute of the meeting of the 11th September 2017 which was approved by the committee
- The minute of the SLC Finance and Resources Committee 6th November 2017 – link to SLC website

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

13. AOB

The committee was informed that NCL had come third in the World skills completion for this year and the committee congratulated the students and staff involved.

14. Date of the next meeting: The date for the next meeting is the 12th March 2017 at 5pm in the Boardroom at the Cumbernauld Campus.