

Item 4 FC 4/06/2018

Minute - Finance Committee

5.00 pm 12th March 2018 Boardroom Cumbernauld Campus

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

In Attendance: Iain Clark, Keith McAllister, Janice McAulay, Diane McGill, Stewart McKillop, 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 Gordon Kerr.

3. Declaration of Interest

There were no declarations of interest.

4. Draft Minutes.

4.1 The minute of the meeting of the 20th November 2017 was approved.

4.2 The minute of the meeting of the 11th December 2017 was approved.

4.3 The minute of the meeting of the 24th January 2018 was approved.

5. Matters Arising

5.1 Update on 2018-19 budget discussions with the SFC.

Martin McGuire reported that the discussions on the scenario plan with the SFC are ongoing. The option that has been agreed to date is the Voluntary Severance Scheme and those who have been accepted for voluntary severance have received letters confirming this. He met with the SFC last week to agree additional funding to allow some more staff who had applied to be accepted and an additional c. £200k of funding had been agreed. There are a number of staff who applied who have not been accepted under the scheme because there would have been unaffordable replacement costs. Stuart Reid asked about the impact of staff leaving and Martin McGuire informed the committee that there will be a managed departure for staff. Linda McTavish said that the meetings with the SFC had been constructive. Martin McGuire noted that he will continue to raise the issue of the disadvantage that NCL is experiencing because it harmonised contracts after merger whereas other Colleges who have not are now receiving additional funding from SFC to pay for the impact of harmonisation. The SFC had encouraged and recommended Colleges harmonise conditions during merger and NCL had been commended for using resources for this purpose. The committee noted this update.

5.2 SFC Funding for Regional Finance Reporting

Kenneth Anderson informed the committee that he and Linda McTavish had met with John Kemp from the SFC to discuss the issue of support for Regional Finance Reporting. The production of the consolidated accounts for Lanarkshire was an example of the additional pull on existing resources.

This will continue to be raised with the SFC. The next step is to agree a remit for the review of regional finance reporting.

Action: Kenneth Anderson will work with both colleges to draft and agree a remit for the review of regional finance reporting and this remit will come to the next meeting of this committee.

5.3 Update on NCL VS Scheme

This item was taken with item 5.1 above and the update is noted at Item 5.1.

6. SLC Finance Committee

6.1 Keith McAllister presented his reports to the SLC Finance Committee on the 6th November 2017 and to the Finance Committee on the 12th February 2018. The NCL Finance Committee received these reports and the minutes and agenda for the 6th November meeting.

6.2 The meeting on the 6th November 2017 had recommended the Financial Statements to the Board – the total comprehensive income for the period was £205 K and the Annual Audit Report was unqualified.

6.3 The report to the meeting on the 12th February included the following:

- The management accounts are showing that SLC is on track for a balanced budget though it was acknowledged that there was still a strain on the College funds via national collective bargaining arrangements. Some of the strain was being countered by increases in income from ESF and the Flexible Workforce Fund. Management is closely monitoring part time lecturing costs and ensuring that classes are running with sustainable numbers. Management have also instituted savings in non- salary expenditure lines and are using procurement to help in this process.
- The meeting received the consolidated regional accounts.
- Procurement and Estates Reports – members welcomed the joint procurement initiatives with New College Lanarkshire. Members considered a report on the Nursery tender, with the bid received from Bertram Nurseries being accepted. This would result in an increase in income for the College and a move to the Living Wage for staff from the start of the new contract.
- Banking - It was noted that the delay in moving to the new banking arrangements had been overcome and that the transition should be completed within the month.
- Insurance Arrangements for the Sector – the report to the SLC meeting noted that discussions were still ongoing about continuing the derogation for the sector. Iain Clark confirmed at this meeting of the NCL Finance Committee that it had just been announced that the continuation of the derogation for business insurance until July 2021 had been agreed. This was welcomed by the NCL committee members.
- Lennartz - It was reported that Messrs Scott Moncrieff had undertaken their penultimate annual review of the College's Lennartz situation and that the College should be repaying less than its initial liability. This, however, was still subject to review in December 2018.
- Risk -As requested at the foregoing Board of Management meeting, the Risk Register was being presented to each Committee of the Board.

The Chair thanked Keith McAllister for his report and wished him well in his secondment to the Scottish Government to advise on BREXIT.

7. NCL Finance Report

7.1 NCL Quarterly Management Accounts

Iain Clark updated the committee as follows:

7.1.1 The NCL operating position for the six months is a deficit of £589k, £1,178k favourable to Budget. The Cash Budget for Priorities for Fiscal Year 2017/18 has now been fixed annually by SFC at £863k (including Amcol), based on 2015/16 figures. The management report shows the variances on income and expenditure to date. Iain Clark advised that caution should be exercised until the formal forecasting exercise has been completed and that some of the main variances were timing differences only.

7.1.2 The Finance Team are undertaking a forecasting review now of the budget to ensure that all is on track as forecasted. The impact of the voluntary severance scheme will be negligible this year due to the timing of the scheme – the financial benefits will be realised in the next financial year and in years to follow. Cash flow remains a concern, the SFC have been advised that there will be a short term funding requirement in July as per the submitted cash flow.

7.1.3 Linda McTavish asked about the continuing position of having a budget that is noted but not agreed by the committee and the Board. Kenneth Anderson responded that it is the committee's responsibility to take care of public finances and normally the budget would be approved. In this case, however, the committee had taken the view that it could not approve a deficit budget that is the result of underfunding of the college and this remains the strong view of members of the committee. From a governance perspective, the budget position is being scrutinised through the budget that has been noted with appropriate reports being made to this committee and to the Board through the committee. He will report to the Board that the scenario plan has not yet been fully agreed with the SFC and this in turn impacts on the budget which will continue to be noted. In addition KA will continue to inform the board of the position. Linda McTavish thanked the Chair and members of the committee for their clarification on this point.

7.2 NCL Resource Return

The committee noted the Resource Return.

7.3 Update on Tax on VS Payments

Iain Clark updated the committee informing them that the solicitors had advised that there is an issue with the on-line court systems for advertising notices. As a result, there is no progress to report to the committee.

8. Update on the NCL Catering Contract

The committee considered the report and welcomed the predicted budget surplus and that this is an increased surplus from last year. However, the Chair and the committee felt that the report should also contain information about absence reporting and also on the improved working arrangements with hospitality staff and students.

Action: Iain Clark will inform the catering team of the Chairs request.

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

The committee approved the following papers for publication:

- The agenda
- Minutes of the meetings on the 20th November 2017, the 11th December 2017 and the 24th January 2018
- The minute of the SLC Finance and Resources Committee 6th November 2017 and 12th February 2018 – link to SLC website

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

10. AOB

Moira Jarvie inquired about the status of the nursery review given on- going discussions about provision with local councils and recent government policy on the provision of nursery places. Kenneth Anderson informed the committee that he had reported to the chairs committee. Due to the ongoing pressures on the finance of the College it was felt that it would be best to prioritise the work of the scenario plan. The internal audit of the nursery provision had shown that the service was being run well and the issues with the Coatbridge nursery building were known and subject to discussion with the SFC.

Action: Kenneth Anderson will communicate this to the AMCOL Board and to those running nursery provision.

11. Date of the next meeting: The date for the next meeting is the 4th June 2018 at 5pm in the Boardroom at the Motherwell Campus.