

Item 4.1 FC 2/03/2020

Approved Minute Minute - Finance Committee

5pm 18th November 2019 – Boardroom Cumbernauld Campus

Present: Kenneth Anderson, Moira Jarvie, Christopher Moore.

In Attendance: Ann Baxter, Iain Clark, Brian Gilchrist, Keith McAllister, Diane McGill, Stewart McKillop, Robert McMillan, Penny Neish.

1. Chair's Welcome

Kenneth Anderson welcomed everyone to the November meeting of the Committee. He proposed considering Item 5.2 the Options Report on Catering at the end of the meeting and this was agreed by members. Stewart McKillop and Keith McAllister were very welcome to stay for the NCL catering report. Chair noted they had given input to previous discussion and he knew they would provide any support on sharing practice at SLC. They both said that they would leave before the discussion on this paper.

2. Apologies

There were apologies from Matthew O'Hare and from Paul Watson who had been taken ill. The Chair and the committee minuted their best wishes for him and his recovery.

3. Declaration of Interest

Moira Jarvie and Kenneth Anderson both intimated that they would have to update their Register of Interests but there was no specific interest for this meeting.

4. Draft Minutes.

4.1 The minute of the meeting of the 9th September 2019 was approved subject to a date change in the heading at Item 10.

5. Matters Arising from the minute

5.1.1 Kenny Anderson highlighted the point made at Item 6.4 in the minute about the regional finance review that the points on the remit may be addressed through the Regional Finance Working Group and further regional dialogue. The David Newall work on regional collaborative operational engagement arrangements will also assist.

5.1.2 There was discussion about Item 10.1 in the minute and that voluntary severance and supporting funding from the SFC were key to the viability of the business plan for NCL. Annette Bruton had written to the SFC about supporting funds for VS. The option of bringing forward the VS scheme for 2020-21 was being discussed with the SFC. The committee noted that the board had agreed to the FFR on basis that the SFC had stated that they would welcome an approach for VS for 2020 - 21. The committee was informed that the SFC had now asked for the FFR to be considered with figures on the basis that VS was not received at all for the business plan. The committee noted

this would be a material breach of the business plan and the support built into the plan from the SFC.

5.1.3 The amended SLC FFR would be reported to the special meeting of the Lanarkshire Board's committee on the 9th December 2019 and be subsequently reported to the Board on the 16th December 2019.

6. Regional Finance Working Group Report

6.1 The committee was informed that the Regional Finance Working Group had not formally met during this period but there had been a lot of activity with exchanges of emails and discussion over the consolidated accounts. Stewart McKillop informed the committee that there were no audit points for SLC and that they were content with the time Mazars spent in the college but there had been a lot of subsequent questions from the auditors. The SLC Audit Committee had decided to write a report and this would be shared with NCL.

6.2 Regional Finance Review Update

This Item was discussed at 5.1.1 above.

7. Business Plan Progress

Ann Baxter updated the committee as follows:

- The SFC are pleased with progress and the Business Plan is on track. There will be a further meeting with them in December 2019.
- There is good progress on the key KPI's and an improvement in early withdrawal rates is predicted.
- The good progress being made is being communicated to staff and areas where there is an issue are being flagged through close monitoring – spotlight on the curriculum.

The business plan is being presented with a project stream report and a separate report on key indicators.

Action: The Chairs Committee may want to review the format for reporting across all of the committees and reaffirm the reporting format required.

8. NCL Finance Report – NCL Management Accounts

8.1 Iain Clark presented the management accounts for the twelve months to July 2019 to the committee as follows: NB the operating position excludes figures from the College subsidiary (Amcol).

- Full Year budget figures, including changes proposed in the Lanarkshire Region Business Plan, were formally approved by the Board on 1st October 2018, and are reflected in these accounts. The Underlying Operating Deficit of £655k is stated after adjusting for total Depreciation net of total Deferred Capital Grants, and excluding the £2,600k of SFC Transformation Funding. This result compares to a 2017/18 £416k Underlying Operating Surplus (incorporating SFC non-cash pension adjustment advised in March 2019).
- The Full Year forecast as presented to SMT/Finance Committee/SFC in March 2019 projected an Underlying Operating Deficit of £1,009k. This position had been updated to a forecast Deficit of £125k. The Management Accounts position at 31st July 2019 is a surplus of £461k (0.77% of total Actual Income).

- The operating position before statutory adjustments for the year is a surplus of £1,934k, £791k favourable to Budget and £1,470k favourable to forecast.
- The Cash Budget for Priorities for Fiscal Year 2018/19 has now been fixed annually by SFC at £863k (including Amcol), based on the 2015/16 figures.
- Income is £2.5m (4.4%) favourable to budget and £1.2m (2.1%) favourable to mid-year forecast.
- Expenditure is £1,740k (3.1%) unfavourable to budget and £271k (0.5%) favourable to forecast.

The committee noted the report.

9. SLC Finance and Resource Committee

9.1 Keith McAllister highlighted the following from his report:

- Draft Audited Financial Statements for the 12 months to 31 July 2019. The SLC Finance and resource committee noted that the SLC Audit Committee had considered and accepted the Draft Annual Report of the External Auditors in which Messrs Mazars' had anticipated issuing unqualified opinions on (a) the financial statements; (b) regularity; (c) that the remuneration and staff report, the performance report and the governance statement had all been prepared in accordance with relevant legislation; and (d) that the College had effective arrangements to help the Board members scrutinise finances and that appropriate governance arrangements were in place re the scrutiny of decisions made by the Board. It was noted that the Financial Statements were showing a **"Surplus before other gains / losses"** of £219k. This was also the figure for **"Surplus for the year"**. Whilst the **"Total comprehensive income for the year"** was a negative figure of £1,113k, the Committee noted the actuarial loss of £1,332k which contributed to this. **Following discussion, the Committee agreed to recommend approval of the Financial Statements to the Board of Management.**
- **Management Forecast – 12 months to July 2020:** The College had forecast a balanced budget for the year and early income and expenditure estimates would indicate no variation from that. It was, however, noted that there still remained unknowns re costs for national collective bargaining arrangements.
- **Procurement and Estates Reports:** Members accepted both reports and recommended these to the Board.
- **Report of the Finance and Resources Committee to the Board of Management:** The Report reflecting the work undertaken by the Committee during the year to 31 July 2019 was approved for submission to the Board of Management.
- **Financial Forecast Return (FFR):** The Committee note that SFC had asked the College to revisit its FFR for the 5-year period to 31st July 2024. The meeting reviewed and accepted the changes proposed and agreed that an updated FFR be circulated to members prior its submission to the next Board of Management for approval.

The Lanarkshire Board Finance committee noted the report.

9.2 Keith McAllister reported to the committee on the meeting of the SLC Finance Committee on the 4th September 2019 and the report is in the minute of the Lanarkshire Board Finance Committee of the 9th September 2019.

10. Approval of publication of committee papers from this meeting

The committee approved the publication of the following papers:

The Agenda

Item 4 - The Minute of the meeting of the 9th September 2019

Item 7 – The Business Plan Update

Item 9– A link to the SLC website

11. AOCB

There was no other business

12. Date of the next meeting: The date for the next special meeting is the 9th December 2019 in the Boardroom at the Cumbernauld Campus. The committee will meet on the 2nd March 2019 at 5pm in the Boardroom at the Cumbernauld Campus.

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

Confidential Discussion:

NCL Catering Contract Confidential Options Report (Agenda Item 5.2)

At the meeting of the committee on the 9th September 2019, the Chair of the committee advised that an options paper from the catering team had been requested at previous meetings and that this was being worked on by the Catering team. It was agreed that the Interim Principal, Annette Bruton, would ask for a strategic document to be produced setting out options for the committee and the paper would come to this meeting. This was welcomed by the Chair. A confidential options paper was tabled at the meeting for discussion. The committee noted that this paper was prepared before the arrival of the new Principal, Christopher Moore.

Action: After discussion in the committee, the paper was remitted back to the SMT for further discussion.