

**South Lanarkshire College
Finance and Resources Committee (Board of Management)
Held on 23rd August 2021**

Present A Kerr
S Dillett

In Attendance A McKechnie
S McManus
K McAllister
B Keegan

1. Apologies – C Gibb, P Donnelly

2. Declarations of Members' Interest

Ms McKechnie and Mr Kerr declared their membership of The Lanarkshire Board.
Mr Kerr also declared his membership of the Board of the Scottish Funding Council.
Mr Dillett declared his employment with a College supplier, idverde.

3. Minutes of the Previous Meeting

The minutes of the meeting held on 26th April, 2021 had previously been agreed by the Chair of the Committee and the Board of Management.

4. Matters Arising

None.

5. Head of Finance Report /

6. Management Forecast 2020/21

Members noted there was a predicted surplus of £291K for the year to 31st July 2021 - £484k above budget. The previously forecast deficit was reversed to a surplus due to additional in-year discretionary funds from SFC, salary levels being down on forecast and income from education contracts were not affected by COVID restrictions to the degree anticipated.

Members welcomed the report and asked about risk of clawback. KM advised that only a surplus from commercial income could go into the Trust Fund while the risk of clawback from SFC was minimal.

It was pointed out that this situation of receiving significant sums of support from SFC was unlikely to continue so we have to ensure we are prepared for the future without the same level of financial support. SFC may be trying to get the sector into a better place by improving financial sustainability.

In response to questions about salary/pay awards and the job evaluation scheme, members were advised that there was a Scottish Government commitment given on these issues and therefore the expectation is that Scottish Government should fully fund it. It was noted that the job evaluation exercise remained a work in progress.

Members were advised that the College has earmarked half of the SFC Capital allocation to revenue items and half to capital projects. The Backlog Maintenance allocation will be utilised to attend to capital spend on areas of the building fabric which are nearing the end of their expected lifespan. The College has three works projects underway (including the air conditioning and roofing issues) with most of the expenditure being funded by SFC, supplemented by some College funds.

Members noted the current positive cash position and the forecasted marked drop in cash on the Balance Sheet – but it still remains healthy.

Members were advised that the buildings have been revalued in the Balance Sheet and this will affect depreciation which could rise significantly. It was pointed out that revisiting the Residual value may bring this depreciation down.

Conclusion: Members noted the Management Forecast for the 2020/21 financial year and the highlighted the variables that may amend the forecasts.

7. Update on Grant-in-Aid allocation 2021/22

Members were advised that the SFC have made an allocation to the Lanarkshire Region for financial year 2021/22 and discussions have taken place between NCL and SLC to agree a split of the Regional allocation. This is not finally agreed but it is unlikely to change so it has allowed a more robust overview budget to be drawn up.

Members noted that highlighted tranches of additional funding allocated to the College over the 2020/21 financial year cannot be assumed will again be made available in 2021/22.

Conclusion: Members to note the draft allocation for 2021/22

8. Budget – 2021/22 - Draft as at 4th August 2021

Members were advised that although the SFC look for the FFR by the end of June each year it is too early for SLC (and the wider sector) since the funding split agreed is not yet with NCL. The SFC deadline this year is mid-October which allows SLC to formulate its final draft of the FFR. With final agreement with NCL almost in place now the budget can be broken down for allocation.

Members were advised that it is still the objective to produce a break-even budget for 2021-22 and budgetary discussions with College managers will take place with this in mind.

Conclusion: Members to note the draft budget in the light of there being a final version being worked on, with the objective to break-even in 2021-22.

9. Estates Report

Members noted that the major works were progressing well and on track. The roof repairs are to be undertaken in sections. An update on water ingress was provided - the 2nd and 3rd floor landings and bistro roof have been damaged but the contractors have admitted liability for not sealing the roof properly – repair and decorating costs will therefore be covered by them. At this stage, the contract completion date remains on track. Weekly project meetings have now been introduced. It was confirmed that there would be a 25 year warranty on the new roof. SD asked about conditions on the warranty. KMA to investigate and report back.

Members noted that the contract review work in conjunction with Procurement is ongoing and progressing well.

Conclusion: The Committee noted the progress of the Backlog Maintenance Improvement works; noted the solar energy generation fault and noted the energy consumption data. KMA to provide an update on the detail of the roof warranty.

10. Procurement Report

Members were advised that due to the additional work identified, including a review of all contracts, the contract with APUC for a 0.5 FTE procurement professional has been extended to 0.8 FTE for a further 4 months with a possible extension if required. There is an absolute focus on securing compliance across all our contracts and the APUC workplan is being revised to take this forward. KMA noted that budget-holders were embracing compliant processes; and that the Finance and Funding Group, established to provide senior oversight and approval of in-year spend was progressing well.

The Chair of the Board enquired as to why the matter relating to the APUC review of contracts and its impact on board members did not form part of the report. The Principal advised that one of the contracts was flagged in the current procurement report; and that the other would be visible in due course if any change was introduced.

SD noted that it was appropriate that the College was tendering for its estates maintenance.

Members noted that funding allocations from the SFC had been utilised to support specific COVID-related infrastructure requirements – to reshape teaching areas; there was also funding to support the extension of digital learning and teaching, particularly in providing laptops and wifi devices to students.

Conclusion: The Committee noted the quarterly Procurement report including the work completed and ongoing.

AOB

KMA advised that he proposed to bring updated Accounting Policies to the F&R Committee for approval at its next meeting.

There being no other business the Chair closed the meeting.