

South Lanarkshire College

Finance Committee of the Board of Management

Meeting to be held on Monday 30th May 2016

at 17.30 hours in the Boardroom

AGENDA

1. Apologies
2. Declaration of Members' Interests
3. Minutes of Previous Meeting 8 March 2016
4. Matters Arising
5. Management Forecast -
12 months to July 2016 (Appendix 1)
Committee to review and note
6. Update on Grant-in-Aid allocation 2016/17 A. Allan
7. Draft Budget 2016/17 (Appendix 2)
Committee to review and recommend Board approval
8. College Nursery Proposal (Appendix 3)
Committee to review and recommend Board approval
9. FRS102 Briefing Note (Appendix 4)
10. Finance Issues Update (Appendix 5)
 - a. Procurement
 - b. External Audit Appointment 2016/17 >
 - c. Lennartz
11. AOCB

**South Lanarkshire College
Finance Committee (Board of Management)
Held on 30th May 2016**

Present J Gallacher
 S Dillett
 K McInnes
 S McKillop

In attendance A Allan
 K McAllister

Apologies A Martin

1. Declarations of Members' Interests

Mr Dillett asked the meeting to note that he was a Trustee of The South Lanarkshire College Foundation. He also declared an interest re the nursery tender and asked not to be involved in the process. This was agreed. There were no other declarations of interest

2. Minutes of the Previous Meeting

The minutes of the meeting held on 9th March 2016 had previously been approved at the Board of Management.

3. Matters Arising

Financial Statements – Mr McKillop reported that the accounts of all Scottish FE colleges were not laid before the Scottish Parliament until the day that it rose before the recent election. His understanding was that the published accounts had not been released for publication as yet. Mr Gallacher stated that he would be very keen to see how the sector's colleges had fared.

National Bargaining - the Principal updated members on the latest pay award discussions that covered the years 2015/16 and 2016/17. The EIS had come to an agreement, but the support staff side were still in discussion. Mr McAllister reported that the result of the agreement was in excess of the award budgeted for, with this being compounded by the settlement date being moved back from 1st August 2015 to 1st April 2015.

4. Management Accounts

Management Forecast -12 months to July 2016

Mr Gallacher asked for an update on the potential problems with cashflow as reported at the last meeting. Mr McKillop replied that a delay re ERDF payments as was reported had been part-remedied by the Scottish Government, meaning that the College did not have to utilise its overdraft facility. Mr Gallacher raised

the implications of impending Government banking arrangements causing a cashflow problem and it was agreed to pursue a solution to this.

Mr McAllister reported that the College was still confident of a minor surplus and discussion ensued re the split of income between centrally-funded and fee-funded activity. He added that it was his intention to continue to produce management forecasts without the complications of FRS102 reporting and accounting treatment. Mr Dillett asked that there be reconciliation between the two if possible. Mr McAllister agreed to look into this and report back.

5. Update on Grant-in-Aid Allocation 2016/17

It was reported that whilst the Region had, at last, been given its grant-in-aid allocation, the College had questioned some of the figures with the Funding Council. As yet, there had been no agreed allocation to each College. Mr McKillop stated that it was hoped that the Funding Council would hold a workshop for Board members of the RSB.

Mr Allan reported that he and Mr McAllister had met with Mr Derek Smeall of New College Lanarkshire to examine the alternatives that might be adopted. The College was awaiting New College Lanarkshire's response to its proposals. Mr Allan took the Committee through the alternatives proposed.

It was agreed by members that the delay in allocation from the SFC was not acceptable, given that a realistic budget had to be drawn up and approved by the Board in June. Mr McAllister stated that the budget he presented was based on one of the options and may have to be readdressed should the actual grant in aid settlement be significantly varied from his assumptions. Discussion ensued on the implications for the College should the core funding be less than hoped for.

Mr Dillett said that he acknowledged that the College management structure and general staffing levels were "tight" and asked how the College would be keeping staffing costs to manageable financial levels and under control. Mr McKillop said that the College were taking additional steps to monitor salary expenditure, with new measures in place to monitor temporary lecturing salaries, with a continued emphasis on monitoring class contact, class numbers and the length of courses.

Mr McKillop also outlined a proposal to assist the academic faculties to develop their commercial income. This would be discussed with the faculties later in the term.

6. Nursery Provision

Mr McAllister took members through the paper prepared on the proposal to put the nursery provision out to a retender. The Financial Accountant had costed three proposals, estimating the difference that a change of provision might make together with the College's wish to align salaries with the Glasgow Living Wage. Mr McKillop noted the strides that nursery staff had made to build up the provision and improve the Care Commission assessment of the facility. Mr McInnes echoed that it was indeed the efforts of staff in the facility rather than the

head office influence that would decide the success or otherwise of a facility that relied so much on the personal qualities of the staff.

It was noted how much of the business came from the College, particularly from students.

Mr McKillop stated that the Committee was being asked for approval to put the provision out to retender, with one of the options being for the College to run the facility itself, should the potential financial return of leaving the facility to be outsourced not be significantly more beneficial.

The Committee were happy for the provision to be put out to a re-tender. The result of the tender exercise would come back to Finance Committee for their opinion, and to make a recommendation to the Board of Management.

The Committee asked that thanks be passed to Mr Kerr for his work on this paper.

7. FRS 102 Update

Mr McAllister took the Committee through the paper on FRS102 which, he said, had also been presented to the Audit Committee. Mr Gallacher raised several points for clarification and Mr McAllister stated that the Committee would be asked for its guidance on matters of treatment at the September meeting, these matters affecting the preparation of the 2015/16 financial statements. He added that the paper had been circulated to New College Lanarkshire for their comments and it was hoped that both Colleges would adopt similar treatments.

Discussion ensued on the valuation of buildings. Whilst the paper recommended a valuation every five years, the Committee asked that this be done every three years. Mr McKillop replied that this would be done.

Mr Gallacher asked that thanks be passed to Mr Kerr for his work on this paper.

8. Finance Issues Update

Mr McAllister stated the paper sought to update the Committee on all new matters financial and in regard to governance.

Procurement

Mr McAllister reported that a secondee from APUC, at 0.5 FTE, had started that day. One of her first jobs, Mr McAllister said, would be to pull together a plan for putting larger spends out to tender. The Committee was hopeful that the College could demonstrate that savings made in procurement would cover this additional cost. Mr McKillop asked the Committee to note that the implications of the Procurement Reform Act (Scotland) for public bodies meant a significant increase in governance and reporting, and the new appointee had a large part to play in ensuring that the College met its statutory obligations.

It was raised by members that they had concerns that smaller, local enterprises might lose out on tendering opportunities. Both Mr McKillop and Mr McAllister were at pains to state that this was also a concern of the College and that there were plans to assist smaller enterprises in training them to be able to respond to tenders. Mr McKillop stated that the new post holder had undertaken this at her previous employer.

External Audit

Members noted the new external audit appointment of Mazars (commencing financial year 2016/17) and that the firm would also be auditing New College Lanarkshire.

9. AOCB

Mr Dillett asked for an update on overseas income. Mr McKillop outlined the changes imposed by the UK Government, particularly around students working to support themselves during their time in the UK, which restricted the numbers that could come to FE colleges. He added that the College was now targeting more affluent students in China and he gave details of the students already enrolled for the coming months.

There being no further competent business the Chair closed the meeting by thanking everyone for their attendance.