

Introduction

The Finance and Resources Committee recommends to the Board the College's financial statements and its annual revenue and capital budgets and monitors performance in relation to these approved budgets. The Committee also advises the Board on overall estates strategy, procurement and planning for the College's property, equipment and estates.

Membership and attendance

The Committee met on four occasions during the year. The dates of the meetings were:

31 August 2020

2 Nov 2020

1 February 2021

26 April 2021

Overall attendance at the meetings during the year was 95%.

Further meetings of the Committee were also held after the year end, on 23 August 2021, 18 November 2021, with the Draft Financial statements being considered at the joint meeting with the Audit and Risk Committee on 24 February 2022. The meeting on 24 February was immediately preceded that day by a meeting of the Committee that considered business other than the Draft Financial Statements.

The Finance and Resources Committee for 2020/21 was comprised as follows: -

Ms C Gibb (Chair)

Mr S Dillett (term ended 30 September 2021)

Ms P Donnelly

Mr D Morrison was appointed after the year end on 30 November 2021.

The Principal, Ms A McKechnie, and the Chair, Mr A Kerr, are also members of the Committee. As Acting Chair and Acting Principal respectively, Mr P. Hutchinson and Ms L McIntyre were appointed to this Committee on 16th December 2021.

The College's Financial Statements for the year ended 31st July 2021 were presented to the February 2022 meeting of the Committee and Mr Craig McLaughlin, Chair of the Audit Committee, attended the meeting as a representative of that Committee. In addition, Ms Gibb also attended the February 2022 meeting of the Audit Committee as a representative of the Finance and Resources Committee.

Terms of Reference

The Terms of Reference and delegated authorities of the Committee were reviewed at the February 2021 meeting and the updated duties of the Committee now include:

- Maintain a strategic overview of all matters concerned with Finance and the maintenance and development of the College estates and to advise the Board of Management accordingly.
- Review the College's finance and procurement strategies, with a view to recommending their acceptance to the Board of Management.
- Advise the Board on the overall strategy and planning for the College's property and estates, with a view to recommending any strategy documents to the Board of Management for their approval. The Committee should also monitor the progress of the implementation of the strategy
- Consider the College's Annual Report and Financial Statements and, in conjunction with the opinion of the Audit Committee on the report of the external auditor, recommend these for approval to the Board of Management, and, if required, to the Regional Strategic Board for consolidation purposes.
- Approve annual operating plans and budgets prior to their submission to the Board of Management, ensuring that they reflect the College's strategic plan and take account of key risk areas
- Review and monitor the College's short and long-term financial sustainability plans
- Consider and advise the Board of Management on matters of governance [including those matters concerning the Regional Strategic Board].
- Monitor management accounts as compared to plans and budgets.
- Monitor the College's Procurement arrangements.
- Monitor cash flow projections.
- Monitor the College's banking arrangements and, where appropriate, to approve its overdraft facility.
- Consider financial benchmarking information.
- Review submissions / reports made by the Head of Finance on financial and estates related matters prior to presentation to the Board.

- Monitor all financial and estates-related returns requested by outside bodies, in particular, the Scottish Funding Council.
- Advise the Board on the progress of capital and estates programmes and on the efficient and effective maximisation of the College properties.
- Examine any issues which may have financial / estates implications or which may be referred to it by the Board of Management.
- Review the College's Annual Climate Change Duties Report
- Consider the quarterly report on Estates
- Consider the quarterly report on Procurement

Terms of Reference (continued)

- Advise the Principal regarding expenditure on services to the College.
- Ensure that funds provided by the Scottish Funding Council and other funders are used in accordance with the terms and conditions specified in the appropriate offers of funding.
- Examine College policies on financial and estates-related issues, ensuring that they retain currency and relevance.
- Approve the College Financial Regulations.
- Monitor the College's Financial Memorandum with the Regional Strategic Body (or Scottish Funding Council, if that is whom the College's responsibility lies with).
- Consider the annual Procurement reports and forward them to the Board of Management

Procurement

A report is received on Procurement at each meeting of the Committee. This is prepared by the College's Procurement Officer, who is on secondment from APUC (Advanced Procurement for Universities and Colleges), the organisation who advise educational establishments in Scotland.

APUC resource was increase in year to implement a more robust approach to financial management and monitoring of income and expenditure and to review existing third-party suppliers in terms of financial commitment, risk and procurement governance.

A review timetable was considered at Committee to develop more robust procurement protocols and to link these into stock control, department budgeting and expenditure control and financial delegations.

Estates

A report prepared by College management is presented to each meeting of the Committee. The Report contains utilities monitoring information and details of major works and replacements. Details of major tenders are incorporated as are items concerning sustainability and waste management.

Work has commenced to capture and report progress against the Scottish college sector Zero Carbon by 2040 Target Action Plan with sustainability results now included in this report

Backlog Maintenance was carried out, funded via SFC maintenance grant. It should be noted that during these works further maintenance issues were uncovered. During the works the Chair was kept informed as to variations and a full value for money report was submitted to the full Committee in July 2021

Banking

It was also noted that, whilst it had not been required, the College retained its overdraft facility throughout the year. This is reviewed by the Committee annually and it was agreed to continue the facility at the meeting in February 2021.

Audited Financial Statements – the College

The production of the Financial Statements for the year to 31st July 2021 was delayed due to the requirement to have, and agree, an appropriate Governance Statement to reflect the temporary changes in Chair and Principal after the year end. These were eventually presented to, and agreed by, the Committee meeting of 22 February, following a review of the Annual Audit Report on the Statements by the College's external audit service provider, Mazars. The Statements were unqualified. The Committee duly recommended the acceptance of the Financial statements to the Board of Management meeting due for 10 March 2022.

Audited Financial Statements – the Region

The Lanarkshire Board produces consolidated annual accounts and SLC's Financial Statements form part of that consolidation. The College has sight of the Regional Financial Statements prior to their finalisation to review the narrative therein and make recommendations, if required. The Regional Financial Statements were

delayed due to the delay in the finalisation of the SLC Financial Statements but were approved by the Regional Board in March 2022.

Financial Monitoring

The Committee received updates on the financial performance of the College at each quarterly meeting. There was a particular emphasis on (a) maintaining a balanced budget, and (b) establishing a situation where the College did not require its overdraft facility. The former was achieved, with the management forecast surplus being very similar to the appropriately-adjusted audited surplus. It was also noted that the College remained in funds at the bank throughout the year. It was noted that the College's management forecasts were much in line with the initial budget, due to the hard work of individual budget holders within each Faculty.

The Committee noted that the College has to make a drawdown request to the Funding Council each month, based on need and the overall budget allocation. It was also noted that the returns covered both the Government financial year (i.e. April to March) and the College's financial year (i.e. August to July). These are presented to the Committee on a quarterly basis.

The Scottish Funding Council had reviewed its reporting requirements during the year and had requested a mid-year financial return. This was presented to, and approved at, the Committee's April 2021 meeting.

Brexit

The College has been in receipt of a significant allocation of credits supported by EU funding for some years, allowing it to grow its activity to meet local demand. The College did acknowledge that this left it more exposed to the ending of this EU support. However, it was noted that the Funding Council had agreed to transfer EU credits to core, so that the colleges who benefitted from the former would not lose out. The percentage EU credit allocations for 2020/21 and 2021/22 had reduced accordingly, with core credits increasing to compensate. The College does, however, retain a risk from future audits of this EU-supported activity and it carries a provision for clawback.

Financial Governance

Under the terms of the Lanarkshire Order, the College is what is termed "assigned" to the Regional Board. This involves, essentially, South Lanarkshire College having a relationship with the Region that mirrors the relationship that the Region has with

the Scottish Funding Council. To this end, a Financial Memorandum was agreed between the College and the Regional Strategic Board and finalised in January 2016. This was based on the Financial Memorandum between the Region and the Scottish Funding Council. It is the Finance and Resources Committee's responsibility to monitor this.

It was also noted that the College and The Lanarkshire Board had agreed a Memorandum of Understanding during the previous year, which sets out further arrangements which strengthened governance. The Memorandum is available on the websites of the respective bodies.

As part of the governance arrangements, there is a report given by either the Principal or the Head of Finance of the College to the Regional Strategic Board Finance and Estates Committee to enable the Regional Strategic Board to discharge its governance responsibilities under the Financial Memorandum. It was also noted that part of this assurance process, the RSB internal audit providers also undertake an annual governance review.

Budgeting

The uncertainty generated by the continuation of the challenges flowing from the COVID pandemic meant that the college sector was asked to provide the Funding Council with a draft budget in June, followed by a final draft in September. The former was considered by the Committee at its August 2021 meeting and the latter by a round-robin in September. The latter was considered and approved by the Board of Management at its November 2021 meeting.

Asset Revaluation

The College's land and buildings were valued as at 31st July 2021 and this had resulted in a significant increase. The increase was incorporated into the Financial Statements for the 2020/21 accounting period. The impact was only felt in the Balance Sheet but the Income and Expenditure Account would not be affected until the 2021/22 financial year. One of the results of the marked increase was that the external auditors would make particular reference to the impact of the valuation in their report on the Financial Statements.

Opinion

The Committee has overseen the internal and external finances of the College based on the Financial Memorandum and appropriate guidance from bodies such as the Scottish Funding Council, Colleges Scotland and Audit Scotland. It has also monitored returns made by the College to the Scottish Funding Council, either directly or via the Regional Strategic Board

Based on reports received from the College's internal and external auditors, and on information received from College management, the Committee is of the opinion that the College's financial and reporting systems produce information which allows effective decisions to be made by the Committee and the Board of Management in relation to financial matters.

The Committee is also of the opinion that the Board of Management's duties, as described in the Statement of the Board of Management Responsibilities, as per pages 18 and 19 of the Financial Statements.

Clare Gibb
Chair

Finance and Resources Committee of the Board of
Management 24th February 2022