

**Minute of the Meeting of the Finance Committee
Held at the Ayr Campus
On 31 August 2016**



(Paper 16)

Present: Tom Wallace (Chair)
Margarette Bryan
Bill Costley
Heather Dunk
Willie Mackie
Douglas Mclvor

In attendance: Brendan Ferguson (Board Secretary)
Michael Breen
Jane McKie
Stuart Millar
Liz Walker

1 Welcome and Declarations of Interest

The Chair welcomed everyone to the meeting and in particular new Board Members Margarette Bryan and Douglas Mclvor.

There were no declarations of interest.

2 Apologies

Apologies were received from Gordon James, from EMT members Jackie Galbraith and Donna Vallance and from Director of Finance and Student Funding Alistair Gordon.

3 Minutes of the Meeting held on 8 June 2016 (Paper 1)

The minutes were approved as a correct record.

Proposed: W Mackie
Seconded: H Dunk

4 Matters Arising

There were no matters arising which were not covered elsewhere on the agenda.

5 Management Accounts at July 2016 (Prior to Year-End Adjustments) *(Paper 2)*

M Breen took the Committee through the management accounts and answered members' questions. The Committee noted a strong performance in trading which exceeded the budget expectations and congratulated the College and all concerned.

The Committee noted and approved the Management Accounts which were considered to be an excellent outcome in difficult circumstances. The Committee considered that the College Management deserved considerable credit for the performance achieved.

6 College Rolling Cash Flow Forecast at 29 July 2016. *(Paper 3)*

The Committee noted that the cash flow forecast remained positive and recognised the prudent financial management of the College in achieving this position. Members welcomed the new trend graph which demonstrated performance since merger. While it was clear that the College continued to perform well, despite ongoing financial constraint and the challenges associated with SFC instructions concerning the use of net depreciation, the Chair asked whether a decline in performance over time could be expected if the current funding position were to be maintained by the Scottish Government and SFC.

The response was that a decline would be inevitable if the current funding position were to be maintained. The College had consistently outperformed the budget set in recent years, but as costs continued to rise, for example those associated with the outcome of National Bargaining, and flat cash funding settlements were maintained, it was inevitable that a tipping point would eventually be reached. In addition, if SFC continued to impose the current instruction on the use to be made of net-depreciation funds, then cash would continue decline as a consequence. If further financial constraints were to be imposed on the college sector as a result of the Scottish Government's spending review, then it was likely that would hasten the decline of cash balances and, over time, present liquidity problems for the College.

The Committee noted and approved the Cash Flow Forecast as contained in Paper 3.

In light of the College's response to the question posed above concerning the likelihood of a future decline in performance, the Committee asked

that for future meetings a chart be produced which projects cash flow expectations as far as is feasible into the future.

7 Ayrshire College Financial Regulations: Procurement Update (*Paper 4*)

M Breen introduced the above paper and noted that the Financial Regulations would be subject to a full review in 2017.

The Committee approved the update to the Procurement Regulations.

8 FY 2016/17 Capital Expenditure Programme at June 2016 (*Paper 5*)

H Dunk took the Committee through the above paper. It was noted that the Composite Materials Lab was expected to bring significant benefits to the College and the new sound production mixer desk, recently delivered to the College, had been very well received by both students and staff. The Capex Programme would continue to progress throughout FY 2016/17.

The above Report was noted and welcomed.

9 2015/16 Credit Report: Final Position at July 2016 (*Paper 6*)

M Breen introduced the above paper which confirmed that the College credit target for 2015/16 had been exceeded.

The Committee noted the above paper and commented that the achievement of the credit target placed the College in a strong position for the future.

10 2015/16 Student Support Funds: Final Position at July 2016 (*Paper 7*)

M Breen took the Committee through the above paper as presented and explained the figures contained therein. A number of questions were asked and satisfactory responses received.

The Committee noted the content of Paper 7.

11 Non NPD Costs Financial Report at June 2016 (Paper 8)

M Breen introduced Paper 8 and commented that expenditure was as expected and on schedule. Several questions were asked and satisfactory responses received.

The Committee noted the content of the above Paper.

12 Business Development and Education Contracts (Paper 9)

S Millar took the Committee through the above paper. Members discussed the content with interest, in particular noting issues surrounding modern apprenticeships and current difficulties surrounding recruitment in Hospitality.

The Committee was supportive of a suggestion that the College host a forum to discuss the challenges surrounding recruitment to the Hospitality Industry and that SFC should be invited to attend along with other stakeholders with an interest in the industry. It was noted that discussions with key local employers were on-going and would influence the curriculum delivery plan for AY 2017-18.

It was also agreed that this paper would be reviewed in terms of content and taken forward through the Learning and Teaching Committee as the substantive content would provide the Members of that Committee more oversight of this important area. The financial information contained within the paper would be reviewed and included within the College's management accounts.

The above paper was noted and welcomed.

The Committee agreed that the College should give consideration to the suggestion that a forum of interested stakeholders be convened at the College to consider the challenges in recruitment being faced by the Hospitality Industry. The Committee considered that as Hospitality was a major part of the Ayrshire economy, it would be very appropriate for the College to play a role in this respect.

13 European Social Funds (ESF) Update Report (Paper 10)

M Breen introduced the above paper and confirmed the position in relation to the final ESF funding settlement being proposed from East Ayrshire Council (EAC). The Committee expressed its disappointment in the position reported and asked that their concerns be expressed to EAC.

The Committee recorded its disappointment with the position adopted by EAC. The College was asked to write to EAC setting out the Committee's

view prior to the forthcoming meeting between EAC Officers and College representatives.

The Vice Principal was asked to discuss this matter with the Deputy Chief Executive of EAC.

The Board of Management would be updated on the progress made on this matter at its September 2016 meeting.

14 2016/17 Corporate Risk Register V1: Finance Committee Extract
(Paper 11)

M Breen took members through the above paper and appendices explaining the progress made since the previous meeting of the Committee. In particular M Breen described the outcome of the June 2016 meeting between the Committee Chairs and the Audit Committee to discuss the proposals in relation to the Risk Appetite section of the Register. It was explained that, before presentation of the Risk Register to the Audit Committee in September 2016, the Committee Chairs would agree the content of the Risk Appetite Section as presented in each Committee's extract.

The Committee discussed and agreed the above extract, but asked that the description attached to FIN 5 be redrafted to make it clear that it is a Finance Risk. It was also agreed that the Chair should discuss with the Chair of the Learning & Teaching Committee (LTC) the more appropriate re-location of current Finance Risks within the LTC extract, as previously discussed by this Committee.

The above Risk Register extract was approved, subject to the re-drafting of the description attached to Fin 5, making it more appropriate to a Finance Risk.

The Chair to discuss with the Chair of LTC the transfer of risks from the Finance Extract to the LTC Extract

15 Date of Next Meeting: The next meeting of the Committee would be 16 November 2016.