

**Minute of the Meeting of the Finance Committee
Held at the Kilmarnock Campus
On 8 March 2017**



(Paper 13)

Present: Tom Wallace (Chair)
Margarette Bryan
Heather Dunk
Gordon James
Willie Mackie

In attendance: Brendan Ferguson (Board Secretary)
Michael Breen
Alistair Gordon
Jane McKie
Donna Vallance
Liz Walker

1 Welcome and Declarations of Interest

The Chair welcomed everyone to the meeting. There were no declarations of interest.

2 Apologies

Apologies were received from Board Members Bill Costley and Douglas McIvor, and from EMT member Jackie Galbraith.

3 Minutes of the Meeting held on 16 November 2016 *(Paper 1)*

The minutes were approved as a correct record.

Proposed: W Mackie
Seconded: Heather Dunk

4 Matters Arising

Page 1 Item 4: The matter of the discussion forum on the challenges faced by the Hospitality Industry remains under consideration by the College.

Page 1 Item 4: Discussions with East Ayrshire Council have now concluded and a settlement has been agreed.

Page 4 Item 8: The SFC acting CEO and Director of Finance were invited to attend Board Development Day held on 26 January 2017. The Acting CEO of SFC attended and held discussion and Q/A session with Board Members.

Page 5 Item 11: As a result of the consideration given, the “Agencies Risk” now sits within BOM 3.

5 Management Accounts to December 2016 (Paper 2)

A Gordon took the Committee through the Management Accounts as presented in Paper 2. A number of questions were asked and satisfactory responses received.

The Committee noted and approved Paper 3.

6 Budget Update for AY 2016-17 (Paper 3)

M Breen introduced the budget update and explained the background. The Committee discussed the content of Paper 3 and a number of questions were satisfactorily answered during the process.

The Committee noted and approved Paper 3.

7 Updated Procurement Strategy 2016-20 (Paper 4)

M Breen and A Gordon explained that Paper 4 represented the Procurement Strategy approved by the Board in 2015, now updated by the College's Procurement Manager in line with the 2016 Procurement Reform (Scotland) Act. The Committee was invited to consider the updated document with a view to recommending its approval to the Board of Management.

The Committee recommended approval of the updated Procurement Strategy to the Board of Management.

8 BACS Agreement with Royal Bank of Scotland (Papers 4.1 and 11)

M Breen introduced the above item, explaining it was a consequence of the college sector being required by SFC to move their bank accounts to the Royal Bank of Scotland. In doing so there was a considerable amount of paperwork involved, including the process of setting up the BACS agreement for the handling of payroll payment runs, which required Board Approval.

The next scheduled meeting of the Board of Management was 30 March 2017, which, if the BACS agreement was signed then, would allow little time for the BACS facility to be put into place in time for the first payment runs expected in April 2017.

After discussion and advice taken from the Board Secretary, the intention was that the Finance Committee would be asked to review the BACS agreement and recommend its approval by the Board of Management. Board approval

would then be sought by email circulation of the membership. This would expedite the formal approval of the BACS agreement to permit the April payroll payment run on schedule.

Following consideration of the paper and the proposal for approval by the Board, the Committee agreed to recommend approval of the BACS Agreement with RBS and, given the circumstances and time constraints involved, recommend that it be put to Board Members by circulation for their approval or otherwise.

9 FY 2016/17 Capital Expenditure Programme at December 2016 (Paper 5)

D Vallance introduced the above paper and confirmed that the expenditure noted was within budget and would be fully expended 31 March 2017.

The Committee noted the above paper and welcomed the progress being made.

10 Non NPD Costs Financial Report at December 2016 (Paper 7)

M Breen introduced the above paper as the final report on the use of the non-NPD grant to be presented to the Finance Committee, noting that the bottom line figure represented a virtual breakeven on spend v funds allocated. M Breen confirmed that the paper had previously been received by the Estates and New Campus Development Committee.

The Committee noted the content of Paper 7 and congratulated the College and all involved in the management of the non-NPD grant.

11 SFC Resource Returns for FY 2016-17 (Verbal)

A Gordon reported that as the Scottish Government's financial year-end of 31 March approached, monthly resource returns are now being prepared.

The Committee noted the above report and reflected that it was a further implication of ONS re-classification that the college sector was now required to commit already limited resources to meeting the requirements of two financial year-ends. These are the:

- 1) Scottish Government's FY end of 31 March in accordance with the Public Finance Manual and ONS requirements;**
- 2) the Academic Year end of 31 July, which concurs with the college sector requirements of a full academic year for accounting, outcome and planning purposes.**

12 2016-17 Student Support Funds Position at 9 February 2017 (Paper 8)

M Breen took the Committee through the above paper noting that projected expenditure against income was within budget; discretionary funding awards had been increased in year, providing much needed targeted financial support which, in turn, supports student retention; a further £50K in year allocation for HE discretionary funding had been received from SAAS, providing some flexibility to meet further applications from HE students.

The Committee noted and welcomed the above report.

13 College Rolling Cash Flow Forecast at January 2017 (Verbal)

A Gordon updated the Committee on the position of the rolling cash flow forecast and confirmed that it remained within agreed parameters.

The Committee noted the above report.

14 2016-17 Credit Report at 9 February 2017 (Paper 9)

M Breen introduced Paper 9, pointing out that the figures presented and the projections made were based on the information currently available. The Committee went on to discuss the information contained in Paper 9 and a number of clarifications were provided.

The Committee noted the information and projections contained in Paper 9.

The Committee asked that future Credit Reports contextualise the information contained in the papers for the Finance Committee and, in particular, seek to set any projected under-delivery within the context of financial clawback.

15 2016-17 Corporate Risk Register (V3): Finance Committee Extract (Paper 10)

M Breen introduced the V3 Finance Committee extract. A number of questions were asked and a discussion ensued.

Following discussion, the Committee agreed the following in relation to the Finance Risks:

- **Fin 1: add the following additional bullet point under “Key Areas of Risk” – *One year financial settlements impact on the ability of the College to plan in the long term.***
- **Fin 2: re-assess in June.**

- **Fin 3: re-assess in June**
- **Fin 4: re-assess when the payroll and curriculum timetabling for 2017-18 are agreed and in place.**
- **Fin 5: agreed**
- **Fin 6: agreed.**

16 AOB

Scotland's College's 2017: Audit Scotland (*Verbal*)

H Dunk reported on the structure and methodology for the annual review of Scotland Colleges to be undertaken in 2017.

The Committee noted the above report.

- 17 Date of Next Meeting:** The next meeting of the Committee would be on Wednesday 7 June 2017.

Publication

This paper will be published on the College website.