

# Finance Committee

You are invited to attend a meeting of the **Finance Committee** to be held on **Tuesday 17 June 2014** in the **Kildean Suite, Stirling Campus at 4.30 pm**. Refreshments will be available from 4.00pm.

## Agenda

1. Apologies for Absence
2. Declarations of Interest

### FOR APPROVAL

3. Minutes of meeting held on 18 March 2014
4. Matters arising
  - a) F/14/021 Treasury Management Strategy 2014/15
  - b) F/14/022 Budget 2014/15
  - c) F/14/023 Capital Budget 2014/15
  - d) F/14/027 2013/14 Forecast Outturn
5. Annual Report & Financial Statements 2013/14  
(Joint item with Audit Committee) Alison Stewart
6. Draft External Audit Annual Report to the Board of Management  
(Joint item with Audit Committee) Henderson Loggie
7. Accounting Policies for the Year Ended 31 March 2015 Alison Stewart
8. Draft Budget 2015/16 Alison Stewart

### FOR DISCUSSION

9. Draft Financial Memorandum 2014/15 Alison Stewart
10. Review of Risk
11. Any other competent business

### FOR INFORMATION

Programme of Business

# Finance Committee

<b>Meeting:</b>	<b>Finance Committee</b>
<b>Location:</b>	<b>Room LS2, Colleges Scotland</b>
<b>Date:</b>	<b>18 March 2014 (commencing at 3.45 pm)</b>

Present: Mrs Shona Struthers (Chair)  
Mr Andrew Carver  
Mr Liam McCabe

Apologies: Ms Caryn Jack  
Mr Ken Richardson

In Attendance: Mrs Alison Stewart, Director of Finance and Corporate Services  
Mr Bob Gil, Chair, Audit Committee  
Mr David Allison, Director of Information Services  
Dr Ken Thomson, Principal  
Mr Tom Gorman, Director of Estates Development  
Ms Elaine Bell, Executive Office Assistant, (Minute)

**F/14/018      Declarations of Interest**

None.

**F/14/019      Minutes of Meeting held on 27 November 2013.**

The minutes of the meeting held on 27 November 2013 were approved.

**F/14/020      Tuition Fees and Fee Waiver Policy 2014/15**

The Director of Information Services presented the annual update of the Tuition and Fee Waiver Policy for approval by the Committee.

He noted 85% of all tuition fees come from full-time learners with the net impact of these changes not providing a huge increase in income. It was noted any changes made to the National Policy for Session 2014/15 would be made to the Fee Waiver Policy.

It was noted no significant change to the local Fee Waiver Policy. The Chair asked if College mergers would have an impact on fees and the Director of Information Services replied that College fees were based purely on transactions with SQA.

- a) Members approved the Tuition and Fee Waiver Policy for presentation to the Board of Management

**F/14/021 Treasury Management Strategy 2014/15**

The Director of Finance and Corporate Services presented the Treasury Management Strategy for 2014/15 for approval by the Committee.

She highlighted implications to the College on the reclassification as an 'Arms Length Public Body' and the level of cash the College can retain. Members commented on the favourable interest rate obtained by the College in relation to the Loan with Barclay's Bank.

- a) Members approved the strategy for presentation to the Board of Management

**F/14/022 Budget 2014/15**

The Director of Finance and Corporate Services presented the draft budget for 2014/15 for approval and recommendation to the Board of Management.

She explained due to the reclassification of Colleges this may impact on the change of the year-end date and indicated budgets may in future be prepared on a financial instead of an academic year. This was still to be clarified. She highlighted the significant contribution for the second year of the HEI Articulation programmes.

Members noted implications for insurance costs and self-insurance and the Chair commented on the preparation of a case by Colleges Scotland to the Scottish Government for Colleges to retain commercial insurance.

- a) Members approved the draft Budget for 2014/15 for presentation to the Board of Management. It was noted that no tolerance had been built in for transfer of surpluses to the Foundation.

**F/14/023 Capital Budget 2014/15**

The Director of Finance and Corporate Services presented the Capital Budget for 2014/15 for approval by the Committee.

The Chair asked if the Scottish Funding Council (SFC) had approved funding for the demolition of the Middlefield Building. The Principal replied he had written to SFC and had included a copy of the College Concept Plan and asked approval to progress with the Outline Business Case and for support on the demolition of the Middlefield building. It was indicated that this may be presented to SFC's Strategic Committee to be held in May.

- a) Members approved the Capital Budget for 2014/15
- b) Noted potential risk of not being able to transfer revenue grant to the Foundation.

**F/14/024 Forth Valley College Foundation**

The Director of Finance and Corporate Services provided an update on progress of the setting up of an 'Arm's Length Foundation' and asked for approval to donate the projected 2014/15 operational surplus to the foundation.

She advised on the arrangements for the setting-up of the Foundation and explained the process for annual donations by the College dependent on operating surpluses. She advised if the transfer was not carried out by 31 March there could be potential to take the transfer to the Board of Management meeting in June for approval.

She commented that she would continue to work with the Auditors to raise issues and for them to provide clarity on the timing and accounting treatment of the transfer.

Members asked that discussions with the auditors continue on the accounting treatment to avoid a technical breach of banking covenants if possible.

- a) Members agreed the approval of:-
  - the processes for making donations to the Foundation
  - the processes for making grant applications to the Foundation
  - a revised paper to be presented to the Board of Management on 27 March.
- b) The donation of the 2014/15 projected operational surplus to the Forth Valley College Foundation was not approved as this will be covered by the revised paper being presented to the Board of Management on 27 March.
- c) Noted risk high in terms of uncertainty.

**F/14/025 Calendar of meetings**

The Director of Finance and Corporate Services presented an indicative change to the Schedule of Finance Committee Meetings. This had arisen due to the possible revised date for the year-end and further clarity on this was awaited. The 3 June Committee meeting would be rescheduled to the 17 June to be held in parallel with the HR Committee meeting and then at the conclusion of these meetings the Audit Committee would take place.

- a) Members approved the revision to the schedule of Committee Meetings.

**F/14/026 Capital Programme Monitoring Report (2013/14 – Q2)**

The Director of Estates Development presented a report reviewing the Capital Monitoring Programme for 2013/14. Members noted the capital spend against projects and the reduction in budget.

The Director of Finance and Corporate Services advised on the decision to write-off some of the expenditure sitting in the balance sheet and explained that this could be carried forward for maintenance but not for capital. She advised there was no risk to the College as this would sit in deferred income and could be used for revenue purpose but not for capital. She indicated she would contact the SFC on this option and would report to the next Board of Management meeting.

- a) Members noted the content of the report.

The Principal acknowledged the extremely difficult environment in working through College finances in such short time scales. The move of the College estates build for the Mezzanine and Weir Block conversion to be fast tracked by the end of March had been remarkable and he expressed his thanks to the Director of Finance and Corporate Services and the Director of Estates Development and their respective teams for their contribution in achieving this excellent result.

**F/14/027 2013/14 Forecast Outturn**

The Director of Finance and Corporate Services presented for discussion the forecast outturn for 2014/15.

She explained the reasons for the movement from a budgeted deficit to the projected surplus.

- a) The Chair asked the Director of Finance and Corporate Services to update the forecast prior to the next Board of Management meeting as this will form the basis of the transfer to the Foundation.

**F/14/028      Review of Risk**

Risks were identified on the relevant papers.

**F/14/029      Any other competent business**

Andrew Carver noted the complexity and the amount of work the Director of Finance and Corporate Services was having to undertake as a result of the ONS reclassification and thanked her for her contribution in managing this process.

**F/14/030      Treasury Management Activity**

Noted.

**F/14/031      Strategic Risk Register**

Members asked for risks to be noted in relation to

- breaching the banking covenants and potential the renegotiation of funding
- Self-Insurance