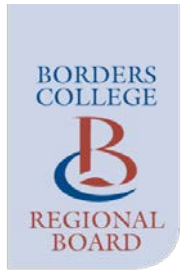


# A



## Borders College

### Finance & General Purposes Committee

Meeting at 16:30 on Thursday 22 November 2018

Location: Board Room, Scottish Borders Campus

#### Actions

| Item  | Action   | Responsibility and Date |
|-------|--|-------------------------|
| 35/18 | Assumption of HR Committee - matrix of current and proposed reports to be provided for discussion with the Principal and the Chair of the Committee. Followed by set of terms of reference for Committee approval. | Board Secretary         |
| 44/18 | Impairment and valuation review - the sector norm would be tested  | H Robertson             |
|       | Principal and VP Finance and Corporate Services would work on a response re FFR recommendation   | A Cox/H Robertson       |
| 45/18 | Remove the third paragraph on page 25 of accounts  | H Robertson             |
| 53/18 | An error under the first bullet point would be corrected; 31% increase should read 31% decrease (Public Sector Climate Change Duties front sheet)  | H Robertson             |
|       | Make amendments within Climate Change duties report and submit by 30 November deadline.  | H Robertson             |
| 54/18 | Business Review; a more detailed analysis would be carried out and an update provided before Xmas  | H Robertson             |
| 55/18 | The suggestion to include the development of the academic hub and spoke model in the Estates Strategy would be considered for the future   | H Robertson             |
| 57/18 | An amendment would be made to the date in the Executive Summary  | H Robertson             |
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**Borders College**

**Finance and General Purposes Committee**

**Meeting at 16:30 on Thursday 22 November 2018**

**Location: Board Room, Scottish Borders Campus, Galashiels**

**Minutes**

| <b>ITEM</b>  | <b>MINUTE</b>   |
|--|---|
| Present<br><br><br><br><br><br><br><br><br><br>In Attendance | Elaine Acaster (Chair)<br>Tony Jakimciw<br>Angela Cox<br>David Elder<br>David Peace<br>Liz Parkes<br>David Johnson<br><br>Hazel Robertson (VP Finance and Corporate Services)<br>James Ayling (Board Secretary)<br>Sheila McColm (Minutes)  |
| <b>46/18</b>   | <b><u>Chair's Welcome</u></b><br><br>The Chair welcomed everyone and thanked them for accommodating the time change in order to meet prior to the joint meeting.<br><br>She welcomed the new VP Finance and Corporate Services to the College and to the meeting.   |
| <b>44/18</b>   | <b><u>External Audit Report</u></b><br><br>Copies of the External Audit Report and newly updated Annual Accounts were circulated.<br><br>The VP Finance and Corporate Services presented the report which had been received earlier that day and could not be finalised until the return of responses from the College.<br><br>The recommendation of the auditors was an unqualified audit report. Some adjustments had been identified and these were highlighted within the final accounts. The report highlighted the difficulties experienced in preparation of the accounts. It was noted that an increased audit fee was expected due to the additional work of the audit team arising from these difficulties.<br><br>The VP Finance and Corporate Services advised that the eight action points identified were largely procedural and not a cause for concern. She provided a brief explanation of each:<br><br><b>1. Journal review</b><br>Processes in the manual had not been followed although there was no evidence of inappropriate journals. This was straightforward to address. |

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|       | <p>The financial processes had not been updated for several years and would now be updated.</p> <p><b>2. System access removal</b><br/>The bank had not responded to requests from the Head of Finance to remove former staff from the College bank accounts. This would be followed up.</p> <p><b>3. Declaration of Interests</b><br/>Detail would be obtained of the incidences referred to. The Board Secretary would add a paragraph regarding the procedure to the Corporate Governance Guide.</p> <p><b>4. Year-end preparedness</b><br/>The discussion with the auditors regarding this year's process had not been reflected and changes would be requested.<br/>The requirement to review timings of Committee and Board meetings with regard to the process for future years was agreed.</p> <p><b>5. Impairment review</b><br/>Processes have been followed. This was not a formal requirement of accounting policies although it would need to be considered. The sector norm would be tested.</p> <p style="text-align: right;"><b>ACTION: HR</b></p> <p><b>6. Asset held for sale</b><br/>The carrying value was £585k. The auditors had been provided with a report indicating why an impairment review was not indicated.</p> <p><b>7. Payroll reconciliations</b><br/>It was noted that this was our normal practice on a monthly basis and this would be reinforced in the procedure manual which is due for review.</p> <p><b>8. Financial Forecasting Return</b><br/>There had been a favourable movement between the 2016-/17 FFR and the 2017/18 FFR, due mainly to two factors:<br/>1. Reduction in staff costs due to the restructure and budget review work.<br/>2. The welcome, positive growth in tuition income.<br/>The FFR was a forecast completed at a point in time and was revisited annually based on methodology set out by the SFC.<br/>The reference in the report to challenging income target would be reviewed in the context of delivery of growth assumptions. The Principal and VP Finance and Corporate Services would work on a response.</p> <p style="text-align: right;"><b>ACTION: AC/HR</b></p> <p>The clean, unaudited audit was welcomed by the Committee.</p> <p>There would be further discussion on the External Audit Report with the Audit Committee at the joint meeting.</p> |
| 45/18 | <p><b><u>Borders College Annual Accounts 2017-18</u></b></p> <p>The VP Finance and Corporate Services presented the annual accounts, which presented a very positive position for the College. The outturn was very close to the budgeted plan. She did not consider the overall outcomes and strong position was reflected in the External Audit Report and this would be raised with the auditors.</p> <p>A draft version of the accounts had been received by the Committee on 25 October, with subsequent drafts provided electronically and the end result remained unchanged. The actual result was an operating deficit of £76k against a planned deficit of £80k. Having a small deficit allowed the best use of cash.</p>   |

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|                           | <p>Following discussion, it was agreed to remove the third paragraph on page 25.</p> <p style="text-align: right;"><b>ACTION: HR</b></p> <p>The Chair identified some changes required to the presentation of the accounts. Subject to the changes required by Audit and by members, the Committee agreed to recommend approval of the Annual Accounts to the Audit Committee and subsequently to the Board on 6 December.</p>   |
| <b>47/18</b>              | <p><b><u>Declaration of Conflict of Interest</u></b></p> <p>No declarations were received.</p>   |
| <b>48/18</b>              | <p><b><u>Register of Members Interest</u></b></p> <p>D Johnson reported an update to his Register of Interest.</p>   |
| <b>49/18</b>              | <p><b><u>Apologies for Absence</u></b></p> <p>Apologies had been received from N McIlwraith.</p>   |
| <b>50/18</b>              | <p><b><u>Minutes of Meetings held on 25 October 2018 - Paper A</u></b></p> <p>The minutes from the previous meeting were approved as an accurate record.</p>   |
| <b>51/18</b><br><br>35/18 | <p><b><u>Matters Arising</u></b></p> <p>This item was carried forward to the next meeting.</p> <p>All other actions had been completed.</p>  |
| <b>52/18</b>              | <p><b><u>Draft Annual Report of the Finance and General Purposes Committee to the Regional Board – Paper B</u></b></p> <p>Further to an amendment to the title, the draft annual report was approved for presentation to the Regional Board on 6 December.</p>   |
| <b>53/18</b>              | <p><b><u>Public Sector Climate Change Duties Report – Paper C</u></b></p> <p>The Committee received the Public Sector Climate Change Duties Report for consideration.</p> <p>An error under the first bullet point on the cover paper would be corrected; 31% increase should read 31% decrease.</p> <p style="text-align: right;"><b>ACTION: HR</b></p> <p>The report was very positive, with a further CO<sub>2</sub> reduction of 10% over the previous year. Going forward, cultural issues would need to be addressed regarding waste, paper and single use items.</p> <p>Committee members noted that there were various places in the document where Phase 2 of the SHARC project could have been mentioned, e.g. around sustainable heat. The following amendments were also suggested:</p> <ul style="list-style-type: none"> <li>• 3a. To provide more detail regarding the increased size of the estate.</li> <li>• 4g. Only 3 of the 5 future top priorities were listed. SHARC should be included.</li> <li>• An explanation of TC<sub>2</sub> should be provided.</li> </ul> |

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|              | <ul style="list-style-type: none"> <li>Income should be updated to £12.713m.</li> </ul> <p>The above amendments would be made.</p> <p style="text-align: right;"><b>ACTION: HR</b></p> <p>The Committee was pleased to note continued achievement of targets and approved the submission of the report subject to the above amendments.</p>  |
| <b>54/18</b> | <p><b><u>Business Review – Paper D</u></b></p> <p>The VP Finance and Corporate Services presented the draft Business Review to update the Committee on College performance for the year to date. The reasonable position at this time was noted. A more detailed analysis would be carried out and an update provided before the Xmas break.</p> <p style="text-align: right;"><b>ACTION: HR</b></p>   |
| <b>55/18</b> | <p><b><u>Estates Strategy Implementation Update – Paper E</u></b></p> <p>The Committee received the update on the College’s Estates Strategy implementation. There were two recommendations for discussion:</p> <ol style="list-style-type: none"> <li>Approval arrangements for the construction element of the Hawick STEM project, estimated to be in the region of £550k therefore requiring Board approval. The tender exercise should be very straightforward but the timeline was very tight and a decision would be required by end January. A paper was being prepared for the Board on 6 December around delegated authority by email.</li> </ol> <p>The Committee noted its support of this approach.</p> <ol style="list-style-type: none"> <li>To reopen discussion around the planning brief for the Melrose Road site; involving the possible demolition of two buildings, leaving only the listed building.</li> </ol> <p>The Committee agreed to the proposal to open discussions.</p> <p>The suggestion to include the development of the academic hub and spoke model in the Estates Strategy would be considered for the future.</p> <p style="text-align: right;"><b>ACTION: HR</b></p> |
| <b>56/28</b> | <p><b><u>ISLT Strategy Implementation Update</u></b></p> <p>The Committee received the update with regard to implementation of the College’s ISLT Strategy.</p> <p>It was noted that more consideration should be given to learning and teaching in future. The partnership with Dumfries and Galloway College should also be considered.</p>  |
| <b>57/18</b> | <p><b><u>Strategic Risk Register – Paper F</u></b></p> <p>The VP Finance and Corporate Resources presented the Strategic Risk Register in its new format for comment.</p> <p>An amendment would be made to the date in the Executive Summary.</p> <p style="text-align: right;"><b>ACTION: HR</b></p>  |

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|              | <p>Members discussed the position in relation to the 5.2% increase in pension costs from 1 April 2019, although at £25k/per annum this should be manageable to the College. A further actuarial report was expected in the next few weeks with a proposal of how to deal with the increase. It was agreed not to add this to the risk register due to the certainty that this cost would be incurred. This is a budgetary issue which must be addressed.</p> <p>The Committee noted the content of the paper.</p> |
| <b>58/18</b> | <p><b><u>Committee Papers for Publication (standing item)</u></b></p> <p>Board Secretary noted that all papers except Paper E and I were for publication.</p>   |
| <b>59/18</b> | <p><b><u>Any Other Business</u></b></p> <p>No items were raised.</p>  |
| <b>60/18</b> | <p><b><u>Date of Next Meeting</u></b></p> <p>The next F&amp;GP Committee meeting was scheduled for 5.30pm on Thursday 28 February 2019.</p>   |

Signed.....

**Chair**

Signed.....

**Board Secretary**