



Finance Committee Annual Report

- To provide the Committee with a report of the work of the Finance Committee for the period May 2018 to April 2019.

Recommendations

The Committee is invited to:

- Consider the Finance Committee Annual Report.
- Identify any possible improvement actions flowing from the Committee's self-evaluation.
- Consider the Committee's remit and advise on any possible revisions.
- Identify any further areas for inclusion in the Committee's forward look.

Financial implications

- There are no financial implications associated with this paper.

Finance Committee Annual Report

Purpose

1. To provide the Committee with a report of the work of the Finance Committee for the period May 2018 to April 2019.

Background

2. The Council expects its committees to report, on an annual basis, on its main activities.
3. The Finance Committee's Annual Report can be found at the Annex, this includes information on the main activities of the Committee, the results of the Committee's annual evaluation, and a forward look to the priorities for the Committee for the forthcoming year.
4. The remit, membership and attendance of the Committee are appended to the Annual Report.

Committee Self-Evaluation - Summary of key findings

5. Committee members completed self-evaluation questionnaires, the results of which are summarised in the Annual Report. The following potential area for improvement has been identified from the performance evaluation:
 - The burden on Committee members was considerable and additional Board member resource to increase the membership of the Finance Committee would be welcomed, particularly with financial experience.

Risk assessment

6. There are no risks associated with this paper.

Equality and diversity assessment

7. The importance of achieving a gender balance, as well as reflecting other protected characteristics, is taken into account when considering the membership of SFC's committees.

Financial implications

8. There are no financial implications associated with this paper.

Recommendations

9. The Committee is invited to:
 - Consider the Finance Committee Annual Report.
 - Identify any possible improvement actions flowing from the Committee's self-evaluation.
 - Consider the Committee's remit and advise on any possible revisions.
 - Identify any further strategic priorities for inclusion in the Committee's forward look.

Publication

10. This paper will be published on the Council website.

Further information

11. Contact: Lorna MacDonald, tel: 0131 313 6690, email: lornamacdonald@sfc.ac.uk or Sheila Meehan, Clerk to the Council, tel: 0131 313 6619, email: smeehan@sfc.ac.uk.

Finance Committee Annual Report

Introduction

1. This is the Annual Report of the Scottish Funding Council's Finance Committee. It sets out the Committee's activities for the period May 2018 to April 2019, the results of the Committee's self-evaluation, and a forward look to the priorities for the Committee for the forthcoming year.

Committee Remit

2. The Committee's remit (which can be found at Appendix 1) provides the main activities of the Committee. The Committee met its duties over the reporting period, as described in its remit, as follows:

Financial Planning

3. The Committee undertook budget scenario planning and consideration of the Strategic Funds position during 2018/19.

Annual Budgets

4. Throughout the year the Committee considered SFC's Grant-in-Aid and in year budget revisions.
5. The Committee reviewed and provided recommendations to the Council Board on the indicative and final funding allocations for colleges and universities.
6. The Committee received updates on the running cost position at each meeting.

Financial Position

7. The Committee scrutinised SFC's projected spend and reconciliation to draft accounts through the year.
8. The Committee considered SFC's in year budget management measures throughout the year.
9. At the financial year end, Committee considered SFC's re-profiling and final clawback and penalties for funded student places.

Financial health and governance and management of colleges and universities

10. The Committee reviewed the governance and financial sustainability of the university and college sectors at each meeting.

Institutional compliance with financial memoranda

11. As part of the review of governance of the college and university sector during the year the Committee considered institutional compliance with financial memoranda.

Annual Report and Accounts

12. The Committee scrutinised the financial aspects of SFC's Annual Report and Accounts for 2017/18.

Membership and attendance

13. Committee membership and attendance can be found at Appendices 2 and 3.
14. Members' experience includes accountancy, economics and industry.
15. Representatives from Scottish Government attend all meetings of the Committee. Members of the Council executive who support the work of the Committee also attend meetings where appropriate.
16. The Committee met on six occasions during the reporting period and the minutes of each meeting were submitted to the Council Board.

Committee Self-evaluation

17. Committee members and observers were invited to provide their views on a range of factors relating to the work and effectiveness of the Committee and the combined results of the self-evaluation survey are detailed below.

Role of the Committee

18. Attendees were content that there was the appropriate mix of background and skills on the Committee and that members actively input at meetings, although additional resource, particularly with accountancy expertise, would be welcomed.

Effectiveness of Committee meetings

19. Meetings were felt to be effective with open and honest communication taking place.
20. Timing constraints both in relation to papers and attendance was noted, with the acknowledgement that, although understandable, it added to the burden and created challenges for the Committee members who were able to attend.

Consideration of the Committee's remit

21. Members confirmed that the remit of the Committee was adequately covered through the course of the year and that appropriate scrutiny of the financial position of the Council took place.

Continuous improvement

22. The assessment of the Committee's performance was positive.

Committee member feedback

23. While it was felt that the appropriate amount of internal resource was available to ensure the adequacy of its financial reporting process, it was also recognised that the resource was stretched for the amount and range of tasks that were required. Any additional demands would need to be assessed in terms of additional resource requirements.

Forward Look

24. Committee members considered the year ahead and noted the following areas of strategic priority for the Finance Committee to focus on:
 - Continual scrutiny of the financial health of all institutions.
 - A fundamental rethink of 'non-core programme' funds, and how they should be allocated.
 - Consideration of, if additional non-core programme funding was to be made available, how such money could best drive desirable outcomes from the sectors.
 - Managing in year budget adjustments from SG and advising the impact of any such adjustments.
 - Continuing to work with SFC colleagues to support the Comprehensive Spending Review programme of activity and to deliver on the activities as detailed in our 2019-20 Operating Plan.

Appendix 1

Remit of the Finance Committee

Responsibilities

1. The specific duties of the Committee are listed under the headings below:
 - Review the medium term financial planning and recommend to the Board its approval and any subsequent changes.
 - Scrutinise the annual budgets for programme funds, for both financial (April to March) and academic (August to July) years, prepared by the Council executive and recommend to the Board their adoption.
 - Scrutinise the financial position of the Council to ensure that it can meet its commitments and strategic objectives, by reviewing reports on expenditure against plan and budgets, including the Scottish Government's budgetary and cash controls.
 - Consider and report to the Council the key outputs from the executive's monitoring of the financial health and governance and management of colleges and universities.
 - Consider and advise the Council on all external reports relevant to the above.
 - Oversee institutional compliance with the financial memoranda.
 - Review the financial aspects of the annual report and accounts for consistency with financial information reviewed by the Committee during the year.

Other

- Consider and report to the Council any other matters remitted to the Committee by the Council.
2. The Committee is an advisory body with no executive powers. However, it is authorised by the Council to investigate any activity within its terms of reference, and to seek any information it requires from staff in the conduct of its enquiries. The Committee is authorised to obtain independent professional advice if it considers this necessary. The Committee should be mindful of the cost of such resources.

Appendix 2

Finance Committee membership

Membership

Marlene Wood (Chair)

Douglas Mundie

Anton Muscatelli

In attendance

Representatives from Scottish Government, Finance Department

Representatives from Scottish Government, Sponsor Department

John Kemp, Interim Chief Executive, Accountable Officer (to January 2019)

Karen Watt, Chief Executive (from January 2019)

SFC executive support

Lorna MacDonald Finance Committee Secretary; Director of Finance

Sheila Meehan Finance Committee Clerk; Clerk to the Council

Other members of the Council executive provide support as appropriate.

Appendix 3

Finance Committee attendance

	Marlene Wood (Chair)	Douglas Mundie	Anton Muscatelli
31 May 2018	x	x	tc
11 October 2018	x	x	tc
20 November 2018	x	x	a
22 January 2019	x	x	a
14 March 2019	x	x	a
16 April 2019	x	x	x

x – present

a – absent

tc – attended by teleconference