

NOTES OF THE MEETING OF THE FINANCE AND RESOURCES COMMITTEE, HELD ON 5 OCTOBER 2022 AT 4.30PM.

The meeting was held remotely.

PRESENT:

D Newall	Chair
W French	Committee Member
A Chaudhry	Committee Member
L Paterson	Committee Member
J Vincent	Committee Member (from 5pm onwards)

IN ATTENDANCE:

J Thomson	Vice Principal, Resources & College Development
T Elliott	Assistant Principal, Finance & Infrastructure
D McDougall	Assistant Principal, International and Business Development (for Item 22.45)
D Newlands	Head of Estates, Facilities and Energy (for Items 22.35 up until Item 22.43)
K Mavor	Clerk to the Board (Minute Taker)

ACTION

22.35 WELCOME AND APOLOGIES

The Chair welcomed everyone to the meeting, particularly A Chaudhry and D Newlands who were attending their first Finance and Resources Committee meeting.

22.36 DECLARATIONS OF INTEREST

There were no declarations of interest.

22.37 MINUTES OF THE FINANCE AND RESOURCES COMMITTEE MEETING HELD ON 1 JUNE 2022

The draft Minute was approved as an accurate record of the meeting held on 1 June 2022.

22.38 MATTERS ARISING GRID

The Committee noted that all actions on the grid were complete or on the agenda. J Thomson provided an update on the refresh of the Annual College Financial Statements Report to ensure the commentary is more succinct and easier for the reader to follow. It was agreed that the first draft will be shared with the Chair, L Paterson and the Chair of the Audit Committee for early comment.

JT

22.43 ESTATES, CAPITAL EXPENDITURE AND MASTERPLAN UPDATE

This item was considered earlier in the Agenda. J Thomson introduced D Newlands, Head of Estates, Facilities and Energy to the Committee.

An update was provided on the expenditure for 2021/22 against the capital plan for the period. In summary all of the works for the 2021/22 capital plan using SFC/GCRB funding were completed by end of July

2022. The Anniesland student space is now complete with an overspend of approximately £50k.

With regard to 2022/23, the College's SFC/GCRB capital funding allocation is £3.036M of capital allocation, which is split into £946k of lifecycle maintenance and £2.089M of high priority maintenance. There are fifteen priority areas to be progressed within the College's capital plan and the capital masterplan for 2022/23. The plans for 2022/23 are being worked upon in partnership with Doig and Smith and will shortly go to tender. When the tendering exercise takes place the potential impact of inflation and supply chain issues will become better known.

The Committee recognised that there was a tight timeframe to spend the SFC capital funding allocation by March 2023. This was achievable but regular progress meetings will be required to maintain momentum.

An update was provided on the two GCEF projects (i) Cardonald Public Realm project which is largely now completed and (ii) College Learning Spaces project. The College Learning spaces project is being approached in two phases, with the first looking to make more straightforward changes to some areas and furniture to create more sociable areas. It was agreed that an update on this project will be provided at the next Committee meeting setting out the likely split between revenue and capital expenditure.

JT

The Committee thanked J Thomson for her update and D Newlands for attending this section of the meeting.

22.39 DRAFT PRIMARY FINANCIAL STATEMENTS FOR Y/E 31 JULY 2022

T Elliott spoke to the draft primary financial statements for the year to 31 July 2022, the final version of which would require to be approved by the Board at its 7 December meeting.

The Committee noted that for the 12-month period from August 2021 to July 2022, the College is reporting a deficit of £1,055k. The actuarial valuation report and the revaluation of land and buildings are not yet available. The adjusted operating position is a surplus of £400k but this would have been a deficit if the one-off Lennartz rebate of £1,044k had not been received in 2021/22. The reported position allows for estimated claw backs of SFC funding in line with SFC guidance. However, the final claw back position has not yet been confirmed by SFC.

T Elliott took the Committee through the Statement of Comprehensive Income and Expenditure, the Balance Sheet and the analysis accompanying the draft Financial Statements. The Committee expressed concern that the allocated provision for Voluntary

Severance funding had not been fully utilised during 2021/22. It was agreed that trying to reduce staff costs should be a priority for this year and it would be useful for the Committee to be provided with an analysis tracking any savings made.

It was agreed that the narrative in the financial statements should clearly set out the financial challenges faced by the College and more widely the region and sector.

The Committee noted the report and agreed that the final version of the full statements will be submitted to the Board of Management for approval in December 2022.

22.40 REVENUE BUDGET FOR 2022/23

T Elliott presented the paper outlining the Revenue Budget for 2022/23. This was first considered at the June meeting but this Committee was not in a position to approve the budget as presented. A summary version of the 2022/23 Revenue Budget was approved by the Board at the Board Development event of 13 September 2022. The Committee is now being provided with the detailed version to consider.

T Elliott advised that the adjusted operating position is the key factor in demonstrating whether the College remains financially sustainable and the Budget shows an adjusted operating deficit of £473k. The College is required to continue to make efficiency savings in order to offset the costs of unfunded pay awards. The Committee agreed that the unknown impact of any pay award and the current challenging economic situation will require the Budget to be revisited as more information becomes available. It was agreed that a staff cost report should be provided to each future meeting of the Committee setting out the progress with reducing staff costs and the impact on the budget. The proposed format of this report should be shared with the Chair prior to the next Committee meeting.

TE/JT

22.41 FIVE YEAR FINANCIAL PLAN UPDATE

22.42 SFC FINANCIAL FORECAST RETURN 2022/23

These items were considered together and T Elliott referred to the Financial Forecast Return (FFR) 2022/23 with associated commentary that was circulated by email to the Committee members.

T Elliott highlighted to the Committee that the FFR shows a different position for 2022/23 from the budget as approved at the Board Development Day which is due to the use of two different inflation assumptions. The attached 2022/23 FFR forecast is circa £200k better than the 2022/23 budget as the FFR only includes 3.7% non-pay inflation (excl. utilities) for 2022/23 which is as per SFC guidance, whereas the College used 7% for non-pay inflation in the 2022/23 budget. The impact of this is that the FFR shows a deficit of £272k for 2022/23 whereas the budget has a deficit of £473k.

At the September 2022 Board Development Event the Board confirmed that approval of the 2022 FFR return should be delegated to the Finance and Resources Committee. The Chair advised that he had reviewed the relevant documents in detail and he was content with the approach.

The Committee approved the FFR and noted that it will be shared with the Board in the noting section of the Board Agenda.

22.45 COMMERCIAL AND EXTERNAL FUNDING UPDATE

This item was considered earlier in the Agenda with D McDougall providing an update on commercial and external funding in two parts (i) the final report for the academic year 2021/22 and (ii) an update on the academic year 2022/23 (including up to date figures for August 2022 only)

D McDougall was pleased to report that, despite 2021/22 being a challenging year, the original target of £1,655m in commercial income and £600k from the FWDF giving a combined total of £2.255M was met. The final outcome for the year was £2,270M (£1,618 commercial income and £652k FWDF income). The Committee considered the detailed commercial income statement for 2021/22 together with the other tables provided and commended D McDougall and his team for meeting the 2021/22 target.

For the 2022/23 year, the initial budget set is £2.25M in commercial income and £750k income from FWDF, giving a combined total of £3M. D McDougall advised that the Scottish Government had recently announced that the overall national FWDF budget for 2022/23 would be reduced by £3M (15%) and the impact of this announcement on the College's allocation is not yet known. Despite this reduction it is hoped that the FWDF targets are still achievable.

The Committee discussed the targets for 2022/23 in some detail and supported exploring new opportunities for commercial and funded activity including growing the number of modern apprenticeships directly managed by the College. It was noted that a more detailed update on progress against the 2022/23 target will be provided at the next meeting.

22.44 KEY PERFORMANCE INDICATORS

The Committee considered the KPI Report. It was noted that there was one red KPI relating to SFC targets which are tracking at 95.8%. As there is currently a financial operating surplus (due to the one off Lennartz rebate) Q4 is currently classified as green. However, this does not reflect the full impact of the financial challenges facing the College in 2022/23 and future years.

ACTION

The Committee noted that three areas were amber being (i) forecast percentage of total income from non-SFC sources (ii) number of modern apprenticeships starts (where the College is the managing agent) and (iii) number of print copies. The Principal advised the Committee that measures were in place to try and reduce the number of printed copies to both reduce costs and the impact on the environment.

KM**22.46 COLLEGE STRATEGIC RISK REGISTER**

J Thomson spoke to this item and referred the Committee to the new College Strategic Risk Register which shows the final set of risks linked to the Strategic Plan themes.

There are thirteen risks in the updated Strategic Risk register of which three have a high residual risk score after mitigating actions, five have a medium residual risk score and five have a low residual risk score.

The Committee noted that the three 'red' risks were (i) implications of national bargaining and possible negative impact on employee relations (ii) failure to achieve SFC credits target and clawback of funding and (iii) failure to manage financial sustainability through the period of the financial plan. The Committee noted that the risk register is also shared with the Audit Committee and the Board

The Committee thanked J Thomson for all the work on the College's new approach to measuring risk.

22.47 PROCUREMENT UPDATE

The Committee noted this paper providing an overview of recent, current and future procurement related activities within the College. It was agreed that smaller contracts under £25K including VAT should be removed from this update in future and contracts due for renewal should be highlighted.

TE**22.48 GLASGOW CLYDE EDUCATION FOUNDATION UPDATE**

The Committee noted the GCEF Update Report on GCEF projects as at end of September 2022.

21.49 AUDIT SCOTLAND REPORT: SCOTLAND'S COLLEGES

The Committee noted the contents of this report and that it will be shared with the Board via the Principal's report.

22.50 SCHEDULE OF WORK 2022-23

The Committee noted the schedule of upcoming agenda items for 2022-23.

22.51 ANY OTHER BUSINESS

There was no other business.

DATE OF NEXT MEETING
30 November 2022

ACTION