

**NOTES OF THE MEETING OF THE FINANCE AND RESOURCES COMMITTEE,
HELD ON 15 MARCH 2023 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
M Swiderska	Committee Member

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 23.10)
K Mavor	Clerk to the Board (Minute Taker)

ACTION

23.01 WELCOME AND APOLOGIES

The Chair welcomed everyone to the meeting particularly M Swiderska joining her first meeting. There were no apologies.

23.02 DECLARATIONS OF INTEREST

There were no declarations of interest.

**23.03 MINUTES OF THE FINANCE AND RESOURCES COMMITTEE
MEETING HELD ON 30 NOVEMBER 2022**

The draft Minute was approved as an accurate record of the meeting held on 30 November 2022.

23.04 MATTERS ARISING GRID

The Committee noted that all the actions on the grid were complete or on the agenda.

**23.05 FINANCIAL REPORT TO JANUARY 2023 AND FORECAST TO
JULY 2023**

T Elliott provided an update on the financial position of Glasgow Clyde College for the six-month period to January 2023 and the Forecast Outturn to July 2023

The Board approved the 2022/23 budget deficit of £478k on the basis that further efforts would be made to reduce the deficit. The College made savings in the first six months of the financial period. However, SFC and non-SFC income forecasts have since been reduced and the 2022/23 Unfunded Pay Awards assumptions were recently updated by the Sector Finance Lead Group. These key factors have resulted in

the forecast outturn deteriorating significantly against the budgeted position from a budgeted deficit of £478k to a forecast deficit of £2,063k.

The current cash flow forecast indicates that, when SFC funding which is expected to be clawed back is excluded, baseline cash is forecast to fall to 13 days which is below its minimum targeted baseline cash position of circa 25 days. The Committee agreed that it will continue to monitor the cash flow position closely.

The Committee discussed the deteriorating position with regard to HE income and asked why the College was in the position. J Vincent advised that the 3000 additional University places provided recently by the Scottish Government had a significant impact on the College sector. The clearing process, with more individuals going to University during the first few weeks of the academic year, had also impacted on retention rates. The Committee recorded its disappointment that this position had not been identified earlier in the financial year. It asked that, with effect from 2023/24, steps be taken to monitor forecast HE income more closely.

The Committee discussed the broader financial sustainability of the College and noted the sector-wide impact of flat cash settlements, alongside inflation and unfunded pay award pressures. It agreed that the College had to present the realistic position to SFC in the pending mid-year return particularly in relation to unfunded pay awards.

The deteriorating financial position made it all the more important that the College use the current VS Scheme to reduce staff costs. The Committee agreed the executive should not be constrained by the current year's provision for VS costs, and should be free to commit additional funds wherever there was a sound business case.

23.06 SFC INDICATIVE FUNDING ALLOCATION FOR 2023/24

T Elliott advised that there is currently no formal indication of the SFC funding allocation for 2023/24. There may be an update regarding the regional allocation on 23 March 2023 but this will then need to be considered by GCRB.

The Committee noted with concern that the delay in being advised of the 2023/24 funding allocation and credit target makes it difficult for the College to plan the curriculum delivery and take decisive action to reduce costs.

23.07 DRAFT 5 YEAR PLAN UPDATE

T Elliott presented slides to the Committee setting out a revised draft five-year forecast outlining the potential impact of continuing flat cash settlements. The increasing operating costs due to inflation and

unfunded pay awards contributes significantly to the College's deteriorating financial position.

The Committee discussed the likely impact on the student experience. Realistically the College will not be able to provide the same number of courses and the way they are delivered is likely to change. The College will do all that it can to minimise the impact on students.

23.10 COMMERCIAL AND EXTERNAL FUNDING UPDATE

D McDougall spoke to the report which provided the Committee with an update on commercial and external funded activity for the first six months of the College year. The initial budget set is to achieve £2.25M in commercial income and £750k commercial income from the Flexible Workforce Development Fund.

D McDougall advised the Committee that the current actual total commercial income to 31 January 2023 is £1.468M compared to a budgeted target of £1.684M. The budgeted YTD target accounted for an expectation of the normal FWDF claim in October-December period. The claim was delayed this year as a result of the very late announcement of the FWDF allocation to Glasgow Clyde College.

Details were provided to the Committee of both the challenges and opportunities facing the Commercial and Business Services Unit. The Committee was pleased to note that while the annual target remained ambitious and the next 6 months will be challenging, it is anticipated that the target will be achieved.

The Committee thanked D McDougall for the update.

23.08 KEY PERFORMANCE INDICATORS

J Thomson spoke to the KPI Report and the Committee agreed at the last meeting that there would be a fuller discussion on KPIs. The Committee noted that two red areas were reported (i) forecast/actual annual operating deficit and (ii) number of FA starts against credits. The Committee agreed that, following earlier discussions, the cash flow position should also be reported as red.

As discussed in more detail under agenda item 23.05 the following three areas have negatively impacted the annual operating position (i) reduced SFC income due to a potential clawback of £330k by SFC based on the new FA credits model and (ii) reduced HE fees income of £800k and (iii) higher staff costs of £867k due to revised assumptions advised by SFC and higher absence costs estimate.

It was agreed that the three reported red areas should be flagged to the Board. The Committee noted the amber areas including the KPI relating to CO2 emissions and will continue to monitor these closely.

23.09 SAVINGS PLAN REPORT – STAFF AND NON-STAFF COSTS

J Thomson spoke to this item and referred the Committee to the paper provided to the Board in January which detailed savings for 2023/24 of £2.455M. These planned savings areas have been incorporated into the report before the Committee and have been further increased to include the impact of a possible reduction in credits. The total savings projected savings for 2023/24 is now £2.99M.

An update was provided on the VS Scheme which closed in February with 43 lecturing staff applications and 39 support staff applications. An updated estimate of £400k of support staff savings relating to the VS Scheme was advised to the Committee.

It was noted that the College was being proactive with regard to reducing costs but needed more certainty about the funding and credit position from SFC. Given the urgency of the financial situation facing the College it was agreed that a short remote meeting should be held at the end of April. At this meeting the Committee should be provided with a report on savings achieved through the VS Scheme position, and through other staff costs reduction initiatives. An update should also be provided on the SFC indicative funding allocation for 2023/24.

23.11 ESTATES, CAPITAL EXPENDITURE AND MASTERPLAN UPDATE

J Thomson spoke to this report providing a summary of the main current estates matters and an update on the capital projects progress against plan for 2022/23 and 2023/24.

J Thomson drew the Committee's attention to three projects where costs have increased (i) Anniesland render repairs project which is now Velfac Windows Health and Safety and Investigation works (separate update paper provided to the Committee as an annex) (ii) Cardonald Campus Lift Project and (iii) Heating and Cooling and Chillers, Anniesland Campus. For all of these projects there has been significant increased budget costs from the original plan figure following review of scope and design.

A presentation on the learning spaces projects will be provided to the Board at its March meeting.

The Committee noted the update and passed on its thanks to the College's staff for the resilience shown in response to the Anniesland campus closure.

23.12 PROCUREMENT UPDATE

T Elliott presented this item being the first annual report to the Committee which will replace the quarterly reports going forward. The report provided the Committee with the following information: -

- College Contract Register
- 2021/22 Procurement Annual Report

ACTION

- 2021/22 Annual Benefit Statement
- Notable Tender Activity
- Contracts

The Committee noted the procurement update.

23.13 GLASGOW CLYDE EDUCATION FOUNDATION UPDATE

The Committee noted the Report on GCEF projects as at end of March 2023.

23.14 COMMITTEE SCHEDULE OF WORK

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

23.15 ANY OTHER BUSINESS

There was no other business. Arrangements will be made for an additional Committee meeting at the end of April 2023.

KM

DATE OF NEXT MEETING

End of April 2023 (via teams) and 7 June 2023 (Langside Campus)