

NOTES OF THE MEETING OF THE FINANCE AND RESOURCES COMMITTEE, HELD ON 7 JUNE 2023 AT 4.30PM.

The meeting was held at Langside campus.

PRESENT:

D Newall	Chair
W French	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 23.26)
K Mavor	Clerk to the Board (Minute Taker)

ACTION

23.16 WELCOME AND APOLOGIES

The Chair welcomed everyone to the meeting and there were no apologies. The Chair recognised the contribution of both A Chaudhry and L Paterson to the Committee's work and thanked them both for their contributions.

23.17 DECLARATIONS OF INTEREST

There were no declarations of interest.

23.18 MINUTES OF THE FINANCE AND RESOURCES COMMITTEE MEETING HELD ON 15 MARCH 2023 AND 27 APRIL 2023

The draft minutes were approved as an accurate record of the meetings held on 15 March 2023 and 27 April 2023.

23.19 MATTERS ARISING GRID

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

23.20 FINANCIAL REPORT TO APRIL 2023 AND FORECAST TO JULY 2023

T Elliott provided an update on the financial position of the College for the nine-month period to April 2023 and the Forecast Outturn to July 2023

A budget deficit of £478k for 2022/23 had originally been approved by the Board on the basis that further efforts would be made to reduce the deficit. Whilst the College did make savings on a number of budget lines in the first six months of the financial period, SFC Foundation Apprenticeship income forecasts and Tuition Fee income forecasts had

needed to be reduced since the initial budget. Furthermore, the 2022/23 Unfunded Pay Awards assumptions had been updated, and these key factors resulted in the forecast outturn as at April 2023 deteriorating significantly from a budgeted deficit of £478k to a forecast deficit of £2,063k.

The Committee noted that the College's baseline cash position is forecast to be 13 days as at July 2023 which is significantly below the College's minimum targeted baseline cash position of circa 25 days.

The update on the financial position for 2022/23 was noted by the Committee. It was agreed that the College's deteriorating financial position will be discussed further in relation to the draft Revenue Budget for 2023/24 and the Savings Plan paper.

23.21 DRAFT REVENUE BUDGET FOR 2023/24

23.25 SAVINGS PLAN REPORT – STAFF AND NON-STAFF COSTS

The Committee discussed these agenda items together and also considered a letter received from one of the Board members regarding the College's approach to voluntary severance.

T Elliott presented the paper outlining the Draft Revenue Budget for 2023/24 including the comparative analysis of movements between the 2022/23 Forecast Outturn position and the 2023/24 Draft Budget position. The adjusted operating position is the key factor in demonstrating whether the College remains financially sustainable and the Draft Budget for 2023/24 shows an adjusted operating deficit of £1,667k.

J Thomson referred to the Savings Plan Report and advised that total savings of £4,657k are required for the College to break even. The Committee noted that there remains a savings gap of £2,372k after planned savings.

It was agreed that there was an obligation to do all that can be done to try and improve the College's financial sustainability. Currently there is no indication from either the SFC or the Scottish Government of any financial assistance or assistance with restructuring/voluntary severance costs. Without any intervention, it was noted that there was a risk of the College having almost no baseline cash available to meet its obligations by July 2024.

The Committee discussed the deteriorating financial position against the following background: -

- The Committee/Board has an obligation to act early.
- All decisions made should try and minimise any adverse impact on the student experience wherever possible.

ACTION

- The VS Scheme should be exhausted as far as possible
- Discussions should take place with GCEF to establish if they are able to assist with financial sustainability.
- Compulsory Redundancy should be seen as a last resort.

It was noted that the VS Scheme was opened again in May (closes on 8 June 2023) with staff being provided with details of what teaching areas were considered to be overstaffed. The Committee agreed that voluntary severance is the College's preferred approach however it has its limitations with applications not always being received in the areas where over staffing has been identified. The Committee also noted that there was very little money left in the budget to fund VS.

The Committee discussed whether it would be worthwhile to reopen the VS Scheme one further time with more information being provided to staff about the financial position the College finds itself in. The advantages and disadvantages of continually offering voluntary severance over more targeted compulsory redundancy were discussed by the Committee.

After detailed discussions the Committee agreed that the following recommendations should be made to the Board: -

- Discussions should continue with GCEF to establish whether assistance can be provided to the College to improve its financial sustainability. This may result in the 'Learning Spaces' project being delayed.
- The VS Scheme should be reopened for a third time this year and the College Executive should consider how it can be run differently to try and attract more applicants. Communications supporting the VS Scheme should provide staff with the level of detail required about the College's finances and the areas that are overstaffed so that staff can make an informed decision.
- The Executive should work on presenting to the Board in August a further savings plan and a two-year budget with the aim of reaching a break-even position in 2024/25. This Savings Plan is likely to explore compulsory redundancy as an option but this will depend on the uptake for VS. Details should be provided of the areas that are potentially overstaffed and by how many.

23.22 SFC INDICATIVE FUNDING ALLOCATION FOR 2023/24

T Elliott presented slides to the Committee setting out the SFC's indicative funding allocation for 2023/24 which, as expected, is a flat cash settlement. It was noted that the foundation apprenticeship allocations will now be counted in the core credits and overall, credits have been reduced by 10%. The College is awaiting details of the credits guidance which is expected to be published shortly.

23.23 FINANCIAL FORECAST RETURN

T Elliott presented slides to the Committee setting out the financial forecast over the next five years. It was agreed that the FFR should present to the SFC the reality of the financial challenges facing the College with a likely deficit of -£1,847K in 2023/24 deteriorating to -£3,497K in 2024/25 and -£5,273k in 2025/26. The Committee approved the FFR on the basis that the Chair, on behalf of the Committee and Board, will approve the detail in the commentary prior to submission to SFC.

23.24 KEY PERFORMANCE INDICATORS

J Thomson spoke to the KPI Report which highlighted three red areas (i)forecast/actual annual operating deficit (ii)number of days' expenditure fundable by cash balances and (iii)number of FA starts against target credits for 2022/23. It was noted that the Board will be made aware of the concerns with the operating deficit and cash balances.

23.25 SAVINGS PLAN REPORT – STAFF AND NON STAFF COSTS

This item was considered earlier in the Agenda.

23.26 COMMERCIAL AND EXTERNAL FUNDING UPDATE

D McDougall spoke to the report which provided the Committee with an update on commercial and external funded activity. At the time of writing the report, the likely outturn in terms of total commercial income was projected to be in the region of £2.625M which falls below the £3million target for 2022/23. However, the position has improved in the last 7 days with the position projected to be £2.7M overall with £914K of the £932K target for net surplus contribution of commercial activity projected.

The Committee discussed the Commercial and External funding income target for 2023/24 and whether it is realistic. D McDougall advised the Committee that he expects a more promising start to 2023/24 with work from the Multiply fund guaranteed and other promising contracts in the pipeline. While the target for 2023/24 will be challenging the Committee were assured that it was achievable.

The Committee thanked D McDougall for the update.

23.27 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 2023/24.

There are two key projects being taken forward in 2023/24. The first is the Anniesland windows repair and replace project which is being progressed as a priority. The other key project is the Cardonald Campus Lifts Project which has been awarded and will continue through 2023/24 on a phased basis.

The Committee was advised of the College's plan to bring the cleaning service for the Anniesland and Langside campuses inhouse with staff being transferred into the College's employment.

Details were also provided of the overall capital plan for 2023/24 which utilises the full allocation of £2.089Million. The Board will be asked to approve this at the June meeting.

ITEMS FOR NOTING

23.28 GLASGOW CLYDE EDUCATION FOUNDATION UPDATE

The Committee noted the Report on GCEF projects as at end of May 2023. As discussed earlier in the meeting, the College may consider delaying the start of the Learning Spaces project for one year.

23.29 COMMITTEE SCHEDULE OF WORK

The Committee noted the schedule of upcoming agenda items for 2023/24.

23.30 ANY OTHER BUSINESS

There was no other business.

DATE OF NEXT MEETING

4 October 2023