

NOTES OF THE TENTH MEETING OF THE FINANCE AND RESOURCES COMMITTEE, HELD ON 18 NOVEMBER 2015, IN THE BOARDROOM, LANGSIDE CAMPUS, GLASGOW CLYDE COLLEGE

PRESENT:

A Muirhead	Chair
D Newall	Vice Chair
H Moran	Items 15.01 – 15.05

IN ATTENDANCE:

E Harris	Depute Principal
J Thomson	Vice Principal Resources
T Elliott	Director of Finance
B Hughes	Vice Principal Strategy and Performance
D McDougall	Director of Commercial Development, Item 15.01 – 15.06
A McGhee	Head of Estates, Item 15.07

APOLOGIES

A Linkston

ACTION

15.01 WELCOME AND APOLOGIES

A Muirhead welcomed everyone to the meeting and apologies were noted from A Linkston. Those present introduced themselves. Members noted that, in absence of Secretary to the Board, the Minutes were being taken by A Green.

H Moran indicated that she would have to leave the meeting at 5.40 pm. In light of this A Muirhead sought and received agreement to reorder the agenda.

15.02 DECLARATIONS OF INTEREST

No declarations of interest were received.

15.03 MINUTES OF THE MEETING HELD ON 20 AUGUST 2015

The attendees at the previous meeting agreed that the minutes were a true record of events.

15.04 MATTERS ARISING ACTION GRID

A Muirhead invited J Thomson to talk through the actions outlined in the matrix issued with the agenda.

ACTION

J Thomson provided those present with an update on each action point. Members noted that actions were completed with the following exceptions:

- 15.04 Work is still being carried out to provide comparison data on carbon footprint management and J Thomson undertook to circulate information to Committee Members as soon as it was available. JT
- 15.04 J Thomson provided an explanation that the former Committee Members had sought a training session to understand the changes to the SFC funding methodology. In response to a query from J Thomson, Members recommended that all Board Members be invited to such training. J Thomson agreed to organise training for early in the next calendar year. JT

A Muirhead requested an update on the status of National Bargaining. E Harris reported that an offer had been made to both teaching staff and support staff. It was noted that the offer (1% consolidated) had been rejected and unions were now balloting staff on industrial action. E Harris indicated that it is likely that industrial action of some kind will take place.

E Harris indicated that the 3 Glasgow Colleges had all expressed commitment to national bargaining; however, had not signed up to the National Recognition and Procedures Agreement (NRPA) as yet as there were a number of concerns regarding the process that they wished to clarify with Colleges Scotland. Namely, communication between Colleges Scotland and Colleges regarding offers being made, lack of engagement between Colleges Scotland and Colleges, and the possible conflict for Board members relating to charitable status. Committee Members noted that the Board Chair has indicated he wishes the College to commit to national bargaining.

Members noted that Colleges Scotland are currently seeking information from Colleges as to whether they could afford a £300 flat cash offer to support staff. B Hughes took the opportunity to inform the Committee that such an offer would cost more to the College overall than a 1% increase.

ACTION

D Newall sought and received clarification that any pay offer would be backdated to August 2015 for Glasgow Clyde College staff and that the cost to the College of a 1% pay offer would be between £300k and £350k. T Elliott intimated that if no offer is agreed before March 2016 it would mean that Colleges would not be able to access any cash relating to this period to fund the award. Members noted that questions have been raised with SFC and Colleges Scotland as to what would happen if there is no agreement before March.

A brief discussion took place around the average uplift teaching staff have had in real terms across the sector: there has been an average increase of up to 8% in some Colleges, and the need to ensure that Colleges Scotland, SFC and the Government understand that Colleges have already had to fund such increases in order to harmonise salaries as a result of mergers. E Harris pointed out that Colleges Scotland are lobbying the Government for additional funding to support any pay increase. A Muirhead acknowledged that it would not be possible to obtain parity across the sector at this point given the difference in lecturer's salaries across Scotland. B Hughes concurred indicating that the difference in salaries across the sector can be as much as £7,000 at the top of the main grade lecturer's scale.

D Newall sought clarification on the risks related to national bargaining. J Thomson indicated that the risk is high in terms of salaries and financial sustainability. In response to a query from A Muirhead, J Thomson indicated that Glasgow Clyde College is in the top third of lecturer's salary rates.

The Finance and Resources Committee noted the Action Grid.

15.05 REMIT OF COMMITTEE

A Muirhead rehearsed discussions at the Board of Management meeting held on 16 October 2015, when it was agreed that each Committee would review its remit and amend as necessary and sought comments from those present.

D Newall queried the wording on financial monitoring scheduling and J Thomson agreed to amend the wording. J Thomson also raised issues with the term Accountable Officer or Analogous Accountable Officer. It was also noted that J Thomson's Job Title requires to be updated. J Thomson agreed to make the necessary changes. JT
JT

ACTION

A Muirhead nominated D Newall as Vice Chair. The nomination was seconded by H Moran. J Thomson explained that once the outcome of the Teaching Representative Elections are known, a decision will be taken as to which staff representative will sit on this Committee.

J Thomson outlined the requirement for a Finance and Resources Committee Annual Report to be produced for the Board of Management and sought confirmation as to whether the current Committee wish to produce this. A Muirhead stated that it was important that such a report be given to the Board and asked that a draft be developed for comment. J Thomson agreed to do that by the middle of the following week.

JT

The Finance and Resources Committee accepted the remit of the Committee with the appropriate amendments and it was noted D Newall was nominated as Vice Chair of the Committee.

The agenda was then reordered.

15.06 **COMMERCIAL AND EXTERNAL FUNDING UPDATE**

A Muirhead asked D McDougall to talk to the report issued with the agenda.

D McDougall outlined the definition of commercial and external funding along with the structure of the Commercial Team comprising the External Funding Unit (EFU) and Business Development Unit (BDU).

Those present noted that the BDU also provide international commercial work; however, the College do not sponsor Visas for international students at this point as this is a high risk area and requires a lot of resources to sustain it. D McDougall explained that the EFU handles all bids to Skills Development Scotland and European Social Fund (ESF) as well as project managing the ESF projects.

D McDougall then referred to the various contracts detailed in the paper, highlighting the highest contract value at £500,000 which relates to various training programmes for Saudi Arabian Government Colleges.

D McDougall then drew attention to the Modern Apprenticeship (MA) programme which is a large area of activity for the College and members were provided with details of the different types of MA training that the College has involvement in.

ACTION

Members noted that the current value of the EU programmes is circa £260,000 with more bids planned for the following year.

E Harris took the opportunity of pointing out that, given the importance of this income to the College, the budget target is closely monitored by the College. T Elliott concurred and outlined that rolling forecasts are completed at regular intervals, and that the latest available data indicates that the College will achieve target.

J Thomson informed the meeting that the College is also looking for other opportunities to develop going forward. D McDougall concurred stating that currently the College has a number of partners who potentially are not fully aware of what the college can offer. Members noted that the purpose of the engagement dinner taking place the following evening, is to partially address that issue.

Committee Members noted that the College has to compete with the other Glasgow colleges, and as a result, the College ensures that any contracts are effectively priced and provide high quality programmes. E Harris indicated that City of Glasgow College are pushing “world class facilities” as a reason to contract with them and that the College is aware that they have been targeting some of our current clients. However, Clyde is focussing on quality provision and partnership. A Muirhead queried whether this competition has been logged as a risk and it was confirmed that it was captured and its score had been increased. E Harris also indicated that the College is cautious when reporting on commercial related information such as MA data regionally as this could be a commercially sensitive issue.

D McDougall indicated another possible area of development would be international commercial work in terms of vocational education and supported learning training. E Harris explained that the College already has a contracted person working in country in Saudi Arabia. This contact is advising on vocational and quality systems as well as feeding back on any opportunities. A Muirhead queried why the College was working with Saudi Arabia when there was some advice against it. E Harris explained that the advice had been in connection with running in-country College provision, current contracts are for Saudi delegates coming to Glasgow to receive training.

ACTION

D Newall queried whether the College would consider providing programmes for international students in future. D McDougall indicated that given the UK Border Regulations it is not viable for the College to provide long term programmes and sponsor international students. Members noted that the College do provide short term programmes for international employers to send their staff on.

E Harris rehearsed previous programmes provided overseas by Cardonald College which could potentially be reinstated within appropriate countries.

D McDougall informed the meeting that Faculties deliver the commercial programmes, and there is pressure on availability of facilities and staff in some areas.

D Newall sought clarification on the level of contribution being brought in by the contracts. D McDougall explained that each contract is drawn up using a costing/pricing template that builds in a target contribution to College overheads. D McDougall indicated that the actual contribution achieved cannot be measured until after the event. J Thomson indicated that it is important to record all direct costs of delivery and to encourage areas to do commercial work.

T Elliott stated that, whilst it is important to maximise the contribution to College overheads, there may be areas of commercial provision that provide a higher contribution quantitatively whilst others provide a higher contribution qualitatively.

Those present noted that delivering commercial work can also have a positive qualitative impact on teaching staff whose knowledge increases which in turn feeds into teaching.

T Elliott pointed out that, in terms of budget levels, the College has maintained a level of non SFC income over last 5 years where other Colleges have indicated that they have not been able to do so. A Muirhead stated that commercial income has to be focussed on going forward as there is concern as to what will happen to core funding over the next 2 years.

A Muirhead thanked D McDougall for his input. *D McDougall left the meeting.*

The Finance and Resources Committee noted the Commercial and External Funding Update.

ACTION

H Moran indicated that she had to leave the meeting; however, before going she sought clarification as to when a response to the in year bid to SFC for additional student support funds would be received by the College as there has been an increase in students looking for support. B Hughes indicated that SFC had not provided a date for response. B Hughes went on to explain that the issue may be linked to how SFC decide on how nett depreciation cash is utilised. B Hughes undertook to inform H Moran as soon as a decision was known.

BH

H Moran left. A McGhee joined the meeting.

15.07 ESTATES UPDATE

A Muirhead invited J Thomson to talk to the report issued with the agenda.

J Thomson referred to the report and outlined the estates condition survey that had taken place recently and the significant areas of work the survey had identified which will require to be carried out over the next 25 years totalling circa £37M.

The Committee noted that a bid has been submitted to the Glasgow Clyde Education Foundation (GCEF) for the first tranche of works at the Cardonald Campus totalling approximately £2.75m which will seek to address heating and ventilation issues, switchgear replacement and lift upgrades. It was noted that the College has already gone out to tender for the design team for this work with no commitment to award at this stage.

Discussion then ensued regarding the tendering process, and A McGhee outlined the process followed, highlighting that the design team tenders have to be submitted on Monday 23 November 2015.

J Thomson informed those present that the GCEF had approved the first tranche in principle; however, would not fully approve the bid until such times as the Board of Management had approved the updated value of the project at its December meeting.

Members noted that a second pipeline project had been indicated to the GCEF relating to works in the Mary Stuart Building in the Langside Campus and a replacement roof for the Cardonald campus Tower Block building.

D Newall queried whether the College were confident that the costs of £2.75m would not increase. In response, A Muirhead stated that the GCEF had raised similar concerns along with the

ACTION

timescale for the project which is over 2 years. A McGhee indicated that the costs were based on best available information at this stage from the estates condition survey as prepared by professional advisers and that the reason for the timescale for the works was the logistical limitations of needing to complete the majority of them during non- teaching times.

A McGhee agreed that costs are approximate at present, which is why the appointed design team will need to do a full intrusive survey, finalise costs and develop a business case. J Thomson assured Committee Members that the GCEF has a capital project checklist which has to be completed for any bid over £500k. A Muirhead raised concerns that if the project is spread over 3 years it is very difficult to know what the financial costs will be. A McGhee concurred, especially as construction costs are increasing as the economy improves, hence the Design Team will work to provide more detailed robust costings which will be forwarded to the GCEF as part of the monitoring report updates. J Thomson indicated that until the College goes out to market it will not be possible to know actual costs and provided those present with assurance that the GCEF and the College will be kept updated with costings.

Discussion then moved to the student residences at the Langside campus and those present noted the background to the residences lease that is currently for sale on the open market. The Committee noted that the lease has a 125 year life span with 110 years still to run. J Thomson reported that the residences are run by an external provider who went into administration 3 years ago. It was also noted that the College has carried out a dilapidation report on the residences which will have to be honoured by any buyer of the lease. A McGhee intimated that the administrators appear confident that they will find a buyer and that any buyer of the lease has to be agreed by the College.

Discussion took place around the options and implications of the lease sale. D Newall sought and received confirmation that the College would not be liable for the dilapidation costs unless the administrators were unable to sell the lease and surrendered it to the College.

ACTION

In response to a query from E Harris, A McGhee reported that the residences are currently around half full and that the College does not actively refer students unless the students ask. T Elliott advised there is other more economical accommodation available in the surrounding areas for students. A McGhee briefly rehearsed the previous annual rental guarantee which had been extinguished 2 years ago by the College. B Hughes indicated that the terms of usage of the property are fixed so any buyer must run the property as high quality student residences which is therefore a limitation for the sale of the lease. A Muirhead sought and received confirmation that the College owns the land. .

J Thomson moved the discussion to section 2.8 of the Estates Update and outlined the Woodburn site disposal in March 2014, the proceeds being donated to GCEF. Those present noted Woodburn had been the site for Landscaping and Horticultural programmes for Langside College and it had been agreed with SFC that the College would create new teaching accommodation to replace the previous out of date facilities. The Committee noted the background that led to the current temporary location at Daldowie and the need to now plan to withdraw from that location. J Thomson indicated that a planning application had been submitted to build on a proposed location of the football pitches area of the Langside campus. It was noted that no neighbour objections had been received; however, the Planning Department have indicated that the football pitches may not be repurposed as a condition of their approval to build the new Langside main building was that they be built and retained as and available sports facility.

A McGhee indicated that in discussion with the Planning Officer it is likely that the determination will be confirmed and the application will be refused. J Thomson indicated that potential alternative options are now being considered. E Harris indicated that Councillor S Curran, who sits on the GCEF, suggested the College revert to the City Council and with his support take forward discussions. A McGhee indicated that there has been a recent growth of sports facilities in the area and the College and community usage of the football pitches is very low. A Muirhead counselled that it would be better if the College withdrew the application and sought a deferral as this would allow the College more time to develop a case to put before the Planning Committee. E Harris asked A McGhee to begin to look at obtaining information on other sports facilities usage in the surrounding area that could be included in the documentation along with details that Glasgow Clyde College are the only land based college in the Region delivering land based programmes.

AMcG

ACTION
EH

A Muirhead also suggested contacting local Councillors to illicit their support.

Discussion then moved to item 2.10 of the report. J Thomson rehearsed the background to the Catering Contract where the previous Board approved continuing with externally provision at Anniesland and Langside sites and in-house provision at Cardonald. Those present noted that the cleaning contract is about to follow the same process and further information on this will be reported to the Board of Management at their meeting in December.

J Thomson referred to section 2.11 of the report and those present noted that parking at the Anniesland campus has always been problematic; however, there has recently been a number to the MSP Bill Kidd and to the community council. B Hughes indicated the number of car parking spaces within the College is determined by Glasgow City Council and it is very unlikely that they would agree to any more. It was noted that the College intention is to emphasise to students via the Student Association that they need to park responsibly and also to drive responsibly in the surrounding streets of the campus.

A McGhee left the meeting.

A Muirhead thanked J Thomson for the detailed update on the College Estates matters.

The Finance and Resources Committee confirmed that the College should withdraw the planning application and seek a deferral.

JT

15.08 **RISK REGISTER – FINANCIAL RISKS**

J Thomson was invited to talk to the report issued with the agenda.

J Thomson outlined the purpose of the Risk Register and arrangements to monitor the risks contained therein which would normally be reviewed at each Board of Management and would now be reviewed at each future Audit Committee. J Thomson tabled a further copy of the Risk Register which had been updated to go to the Audit Committee on 25th November.

ACTION

Detailed discussion then took place around each risk and the mitigating actions and J Thomson highlighted those risks that have increased and decreased and the reasons for doing so was outlined. A Muirhead questioned why the Board did not own governance risks. E Harris reported that discussions had taken place with both Internal and External Auditors around the make-up of the register and who is the owner of each risk. One feature discussed was whether any risks would be owned by the Board. The external auditors had been satisfied with the register however it was planned to review it going forward.

A Muirhead confirmed that it was his experience that other organisations detail the Board as being responsible for governance issues. D Newall concurred stating it was a similar situation to the College in Glasgow University where risks are owned by the Senior Management Team and individuals. In response to a query from E Harris, D Newall confirmed that in the University, overarching issues such as reputation and governance would be owed by Senior Management. A Muirhead stated that the Board are legally responsible and in principle employ all the staff and therefore, are ultimately responsible for governance. A Muirhead stated that it is up to the Audit Committee to discuss this and agree the format. E Harris confirmed the document will be discussed at the Audit Committee.

A Muirhead questioned the owner of Risk 16 and a brief discussion took place as to the appointment process for Board Members for the Regional and Assigned College Boards. B Hughes undertook to check the process for Assigned College Board Members. E Harris indicated that once clarity was received the wording could be updated.

BH

J Thomson outlined the mechanisms for reporting on risks to the Committee and A Muirhead requested that the Finance and Resources Committee view the Register at each meeting.

JT

The Finance and Resources Committee noted the monitoring process for the Committee of the financial risks on the College Risk Register.

15.09 **FINANCIAL STATEMENTS FOR 16 MONTH PERIOD ENDING 31 JULY 2015**

A Muirhead invited T Elliott to talk to the report issued with the agenda.

ACTION

T Elliott provided Committee members with background details on the changing year end dates, the reclassification of Colleges as public bodies as a result of the Office of National Statistics (ONS) decision and the implications of that reclassification on College financial management and reporting. Members noted it is difficult to make direct comparisons on the data; however, T Elliott confirmed that the auditors had carried out additional testing to ensure there were no issues.

T Elliott then outlined the requirement to provide a Corporate Governance Statement within the Financial Statements and the implications in relation to the 2014/15 Financial Statements..

T Elliott referred to the Key Performance Indicators on page 5 and 6. Members noted that the College has no debt.

Members noted that the College is declaring a small surplus of £6,000 for 2014/15. It was also noted that there had been a transfer to the Foundation in March following an underspend in estates expenditure in the period.

T Elliott clarified that the overall reserves position movement is non-cash related and overall ultimately total a deficit once pensions reserve liability is included. Members noted this is not a real deficit in cash terms but is about technical deficits which have to be recognised in accounts.

T Elliott referred to section 2.8 of the covering report, and it was noted that additional information is required on senior managers' pension funds from the financial period 2014/15. A brief discussion took place around this new requirement and the issues in collecting and verifying the information on pensions. T Elliott clarified that the data will be shared with appropriate staff and approval sought to publish the information. E Harris took the opportunity of informing the meeting that the requirement to publish pension fund information is new to the FE sector and there are concerns from some individuals in the sector who are unhappy that such details are to be published. It was noted that if the information is not published then accounts are likely to be qualified.

T Elliott highlighted section 2.9 of the report and those present noted that the draft Statement of Corporate Governance and Internal Financial Control will be finalised once the External Auditor and Audit Scotland have reviewed governance arrangements for the College during 2014/15. J Thomson tabled an updated Statement, taking those present through the amendments, receiving confirmation that post titles for A Muirhead and D Newall were correct.

ACTION

T Elliott stressed that the update had not been reviewed by auditors so may be subject to change ahead of the Audit Committee. In response to a query from A Muirhead, T Elliott confirmed that the timescale was that the Financial Statements should be approved by the Board and signed off by the end of December 2015. The Statements are then submitted to SFC by the College: the Auditors will submit a copy to Audit Scotland. T Elliott indicated that where there have been complex issues, such as those experienced by Clyde College, SFC occasionally agreed to submission of draft Financial Statements at end December; however, Clyde were aiming to get full Statements approved and signed off by the December deadline if at all possible.

E Harris informed Committee Members that the Chair of the Board is aware that Wylie and Bissett and Audit Scotland are reviewing governance and that Audit Scotland may undertake a Section 22 report. Members noted that a meeting had taken place with Audit Scotland and agreement reached that they would draft a form of words that would enable the Financial Statements to be submitted ahead of their review being completed. It was noted that Audit Scotland will be attending the Audit Committee to provide an update.

J Thomson stressed that the auditors are content with the financial elements of the accounts; however, they will likely be qualified in terms of governance. T Elliott concurred stating that the financials were as forecast and that the additional legal costs incurred had been covered by a contingency budget.

A Muirhead sought clarification on what documentation would be submitted to the Board in December. T Elliott indicated that this report along with a draft external audit report. Members noted that the financials had been fully audited and there are no unadjusted items and only one minor recommendation in respect of the Finance Team physically checking assets to the asset register.

J Thomson indicated that if the audit opinion was not available in time for the December meeting, a special Board meeting may need to be called.

D Newall indicated that the narrative was very good and helpful although being unable to compare numbers across the two financial periods due to their different lengths was challenging. A Muirhead stated that the pre-meeting had been very useful and thanked J Thomson and T Elliott for the information provided. A Muirhead thanked T Elliott for her comprehensive report.

The Finance and Resources Committee noted the Glasgow Clyde College financial statements for the period ending 31 July 2015.

15.10 FINANCIAL REPORT TO SEPTEMBER 2015 AND FORECAST OUTTURN TO JULY 2016

The Committee Chair invited T Elliott to talk to the report issued with the agenda.

T Elliott outlined the financial position versus the phased budget for the period August to September 2015 and outlined the discussions currently taking place with the Scottish Funding Council regarding the use of nett depreciation cash. Members noted that the Scottish Government will have final approval of how this funding is used.

T Elliott talked through the position in detail referring to the attachments: one showing 2 month position and the second the 12 month period. T Elliott outlined the changes to the forecast versus actual, noting that the biggest change is to childcare funding income and expenditure which offset each other. T Elliott explained the reasons for the carry forward of funds for Students' Association and VS funding.

B Hughes took the opportunity of outlining the expectation that colleges will maintain high quality Student Associations; however, there is no indication as to how those will be funded. As a result the Board of Management will have to consider the structure and organisational arrangements for Clyde's Students' Association in 2016/17 as it is likely that funding such will be an SFC condition of grant.

T Elliott rehearsed discussions that had taken place with SFC and the Government regarding the use of nett depreciation and whether this will continue to be funded.

T Elliott indicated that the college is budgeting a breakeven position; however, if allowed to spend depreciation cash it will show an accounting deficit which would have to be approved by SFC. T Elliott took those present through each line of the data in detail.

ACTION

D Newall queried why the College was not providing for a pay uplift rather than relying on depreciation to fund this. D Newall also queried if the 2015/16 budget included transferring monies to the Foundation. T Elliott indicated that the College is not currently planning to make any donation to the Foundation in 2015/16. T Elliott explained that the SFC Capital Grant is being reduced and the College will apply to the Foundation for funding for some future capital projects.

In relation to funding any pay award, E Harris indicated that the College had taken 2 budget options to the former Board: one a breakeven budget and the other a deficit budget both of which did not include a pay award. The breakeven option included 7% efficiencies for non-staff costs plus a reduction in the contingency budget. The former Board had approved the breakeven option.

In response to a query from D Newall regarding ensuring sustainability of assets, T Elliott explained that the College will be able to bid for other public sector capital funding through SFC which will become more important as the Foundation funds will reduce over time. T Elliott indicated that the FE sector will now have to be considered as part of the Public Sector Capital Planning cycle. Those present noted that a working group has been set up looking at a 10 year capital plan for all colleges which will be a process through which bids are submitted to apply for funding to maintain estates going forward.

A Muirhead outlined concerns regarding the need for the College to have a strong presence regionally once GCRB obtained fundable status. J Thomson concurred, indicating that the 3 Glasgow Colleges are already debating their positions, particularly with the move of activity as a result of the Curriculum and Estates Review.

The Finance and Resources Committee noted the Financial Report to September 2015 and Forecast Outturn to July 2016.

15.11 FINANCIAL OVERVIEW AND SCENARIO PLANNING

J Thomson suggested that given an overview of finances had been given at the pre-meeting, it would be more useful to have a discussion at this point on future financial scenarios. Those present agreed to this.

ACTION

T Elliott explained that alternative scenarios had been modelled for cuts to the core grant ranging from flat cash through to 20% reductions and presented the impacts for the College overall income and expenditure. Members were then taken through each scenario in detail. In response to a query from E Harris, T Elliott confirmed that the modelling was in addition to the existing 7% non-staff costs efficiencies reductions in 2015/16 referred to previously.

A Muirhead sought clarification on whether the figures assume maintaining the same level of credits. T Elliott stated that if there is a significant reduction in funding then there would need to be a reduction in core activity. T Elliott responded that it has been assumed the College will have to reduce staff and non staff costs and went on to outline that modelling of FTE reductions had been carried out using average salary data. T Elliott highlighted that as funding levels for 2016/17 have yet to be confirmed, the College is having to develop a forecast position without clarity on future funding.

E Harris explained that modelling is already taking place regarding the impact on core activity reduction as a result of moving activity to City of Glasgow College. Members noted that Glasgow Clyde College will have a net decrease of 2,000 credits for 2016/17 as a result of that move.

In response to a query from D Newall as to how the VS Scheme was being funded, E Harris indicated that SFC have agreed to support this in relation to changes associated with the Curriculum and Estates Implementation Plan for the Glasgow Region. Those present noted that the VS Scheme is open in the 3 Glasgow Colleges, and has been approved by SFC. It was noted that the scheme is open until December with decisions planned to be fed back to staff by 19 February 2016. T Elliott indicated that, going forward, if further staff reductions were required as a result of funding cuts and no SFC funding was provided to support this, compulsory redundancy may be the only option available to the College.

T Elliott indicated that, until funding levels were confirmed, she would continue to model relevant scenarios and liaise with the Executive Management Team accordingly.

The Finance and Resources Committee noted the Financial Overview and Scenario Planning presentation.

15.12 CAPITAL EXPENDITURE AND CAPITAL MASTER PLAN

J Thomson was invited to talk to the report issued with the agenda.

Members were provided with details of the capital expenditure from 1 April 2015 to date, which shows the College has spent £1.136 Million against the SFC Capital and Maintenance Funding allocation of £1.436 Million.

Committee Members noted that the majority of expenditure relates to implementing a print services solution and other minor works/teaching infrastructure which were completed over the summer.

J Thomson highlighted updates to the master plan where there are increased values for Item 3: Landscaping and Horticulture Teaching Accommodation relocation and Items 8a/8b: large scale plant upgrade at Cardonald site. Bids are being submitted to the Foundation for these two projects. Members noted that the College had a further £80,000 of its Capital allocation left to spend until March 2016.

A Muirhead thanked J Thomson for providing such a detailed report.

The Finance and Resources Committee noted the Capital Expenditure and Capital Master plan Update.

15.13 SFC FINANCIAL MEMORANDUM

A Muirhead invited T Elliott to talk to the report issued with the agenda.

T Elliott informed those present that the SFC Financial Memorandum (FM) had been updated following the reclassification of Colleges as public bodies under ONS. Members noted that Colleges have to comply with the requirements of the Scottish Public Finance Manual which required the previous FM between SFC and Colleges to be updated.

T Elliott rehearsed the consultation process that had been followed to develop the new FM which was implemented on 1 December 2014 with an Addendum to the pre-existing FM being in place until that date. The new FM details the formal relationship between SFC and fundable bodies in the college sector and the need for such bodies to comply as a term of their condition of grant from SFC.

ACTION

Committee members noted that in a multi-college region, such as Glasgow, the new FM will be between SFC and the Regional Board when it is a fundable body. In turn the Regional Board must put in place a FM with each of its colleges.

T Elliott reported that until such time as the Regional Board receives fundable body status, assigned colleges are expected to comply with the requirements of the overarching FM.

Discussion then took place regarding the implications for Glasgow Clyde College. T Elliott highlighted page 22 and the change to financial delegated limits, particularly the limit for “procurement non-competitive action” where any spend above £25,000 must entail a procurement process.

D Newall queried whether this level of control is manageable. T Elliott stated the level of control is challenging both for the College and SFC and this point had been made during the consultation process.

T Elliott informed those present that a temporary derogation enabling Colleges to retain commercial insurance until 2017/18 had been agreed after which the College may have to self-insure.

J Thomson indicated that training on the new Financial Memorandum will be included in the forthcoming Board training event.

A Muirhead thanked T Elliott for the report.

The Finance and Resources Committee noted the SFC Financial Memorandum.

15.14 **PROCUREMENT UPDATE**

A Muirhead invited T Elliott to talk to the Procurement paper issued with the agenda.

T Elliott reported that the paper provides the Committee with an overview of recent, ongoing and future procurement activities. Members noted that the College has a shared procurement team with Advanced Procurement for Universities and Colleges (APUC). APUC allows the College to have access to wider frameworks across the sector. Additionally, the team have developed a contracting plan, contract register, and forward reporting under the Public Procurement Reform Bill. T Elliott indicated that a procurement update is brought to each committee.

ACTION

J Thomson informed Committee Members that a special internal audit on procurement had been carried out and a Lessons Learned Report was being presented to the Audit Committee the following week. T Elliott reported that there were 4 recommendations as a result of that audit and that these are outlined in the lessons learned report. J Thomson agreed to issue the lessons learned report to Committee Members. J Thomson confirmed that appropriate action is being undertaken to address the 4 points and reassured Members there is no issue in respect of the College's procurement processes and that it was the case that the processes were not followed by the former Board.

JT

D Newall queried whether managing the implementation of a new finance system will be a burden on T Elliott and the finance team. T Elliott responded that it may be challenging; however, the current finance system is outdated and there is limited support from the provider. Members noted that the College has been looking at potentially sharing a finance system with other Colleges through the tender process although there may be an issue with who hosts a shared system. Members noted that the plan is to have a new system live at a point that suits non-finance users best.

E Harris took the opportunity of informing the meeting that since merger the College had implemented a number of new systems such as the iTrent HR and payroll system and a new bursary applications systems.

T Elliott responded that the College will have to be realistic on implementation timescales for a new financial system; however, the reality is that a better system is required to allow more non finance staff engagement with the system which should result in efficiencies going forward.

Members thanked T Elliott for the update.

The Finance and Resources Committee noted the Procurement Update.

15.15 STUDENT SUPPORT FUNDS

A Muirhead invited B Hughes to talk to the report issued with the agenda.

ACTION

B Hughes provided those present with details on the background to student support funding and the breakdown of that funding into categories. B Hughes also indicated that the College distributes Educational Maintenance Allowance (EMA) funds in addition to those listed, explaining what these funds are and that a full report on those will be brought to a future meeting of the Committee.

BH

A Muirhead queried why the student support funding bid for in year redistribution went through the Regional route and whether doing so was a conflict of interest. J Thomson explained that the Region has only submitted information on forecast expenditure and that it was currently assumed that forecast unspent funds from Kelvin be allocated across the other 2 Glasgow Colleges; actual in year redistribution requests had been made directly to Colleges by SFC.

E Harris concurred stating that the GCRB were attempting to replicate what would happen if they were a fundable body and give SFC evidence that they are acting responsibly.

Members noted the funds were overcommitted for a number of different reasons and B Hughes provided further explanation as to how the discretionary fund is allocated to students who present with hardship/emergency cases.

A Muirhead sought and received confirmation that once the Region receives fundable body status they will distribute student support funding to the College.

B Hughes explained that initial allocations to the Regional Board will likely be based on historical information and further indicated that City of Glasgow College have already highlighted their position that they will be requesting more funding to support increased activity. E Harris stated that the type of activity will have to be reviewed as City of Glasgow College have more HE than FE provision and it is only FE which is supported by bursaries. J Thomson indicated that the ROA also increases FE provision which will add to the pressure on bursaries within the Region. Members noted that if the College underspends on student support the monies have to be surrendered; however, any overspend has to be met by the College.

The Finance and Resources Committee noted the Student Support Funding Update.

15.16 LENNARTZ

A Muirhead invited T Elliott to talk to the report issued with the agenda.

T Elliott explained that, under Lennartz regulations, 2 of the legacy colleges had a VAT arrangement in place to defer VAT on new builds which meant that they reclaimed VAT on capital works with an arrangement to repay this over a period of time. Since those arrangements were put in place the VAT rate had changed as well as the Lennartz rules. It was noted that the former Board had been informed that a legal challenge to the Lennartz arrangements was being pursued through the Courts and that a Vat Advisor had contacted the College to ascertain if they wished to become part of that legal challenge. Members noted that the former Board had agreed that the College was obliged, as a public body, to ensure best use of public funds and pursue recovery of any potential overpayment in VAT; therefore, agreed to the College, in collaboration with other Colleges, undertaking a procurement process to appoint a VAT Adviser to act on behalf of the College in respect of any potential claim against HMRC. It was noted neither the SFC nor Scottish Government have any objections to the College pursuing this issue.

Committee members noted that a firm was duly selected through a mini-competition process via the APUC framework agreement to potentially submit a claim for overpaid tax on behalf of the College. T Elliott sought and received the Finance and Resources Committee agreement to continue to pursue recouping any such overpayment.

In response to a query from D Newall, T Elliott indicated that the firm selected to act on behalf of the College will assume all risk on a no win, no fee basis.

T Elliott was thanked for the update and the Finance and Resources Committee noted the Lennartz update.

15.17 FOUNDATION UPDATE

The Committee Chair invited J Thomson to talk to the report issued with agenda.

J Thomson referred to the report, particularly section 2.5 and it was noted that G Troup and A Muirhead had agreed to sit on the Foundation and that had been approved at the GCEF the previous day: a further 2 independent GCEF Board members are also being sought.

ACTION

Members then noted the summary of applications approved to date, and J Thomson reiterated that the Estates Infrastructure Investment bid cannot be ratified until such times as the College Board approve the updated costs in the capital masterplan: once that is received the Foundation will consider approval via emailing Foundation members. It was also noted that The Landscaping and Horticulture Teaching Accommodation bid had not been considered at the GCEF meeting given the updated planning position and it would need to be submitted again to a future GCEF meeting.

Members noted that the Foundation's Treasury Management portfolio has had a recent down turn in investments; however, the investment adviser had assured the GCEF Board that these were long term investments and that the overall long term performance was what they should focus on hence the Foundation Board should not be overly concerned by this.

The Finance and Resources Committee noted the Foundation Update report.

15.18 EQUALITIES IMPACT ASSESSMENT ON DECISIONS MADE

Those present noted that discussion had taken place regarding student support funds and that H Moran had queried when any additional funding would be made.

15.19 REVIEW OF PAPERS

A Muirhead commented that the papers were extensive but interesting. E Harris stated that given this was the first meeting it was necessary to give background and contextual information hence had perhaps been more detailed than would be in future. D Newall stated that the paperwork was excellent both in coverage and length.

15.20 ANY OTHER BUSINESS

There were no further items for discussion.

A Muirhead thanked everyone for the input and closed the meeting.