

**NOTES OF THE TWELTH MEETING OF THE FINANCE AND RESOURCES COMMITTEE, HELD ON 8 JUNE 2016, AT 4.30PM IN THE BOARDROOM, LANGSIDE CAMPUS, GLASGOW CLYDE COLLEGE**

**PRESENT:**

A Muirhead	Committee Chair
D Newall	Committee Vice Chair
A Linkston	Committee Member
S Henson	Committee Member
A Fortuny	Committee Member

**IN ATTENDANCE:**

J Thomson	Vice Principal Resources
T Elliott	Director of Finance
E Harris	Depute Principal
D McDougall	Director of Commercial and International Business
A McGhee	Head of Estates Facilities and Energy
G Murray	Clerk to the Board (minute taker)

**APOLOGIES**

S Walsh	Principal and Committee Member
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**ACTION**

**16.17 WELCOME AND APOLOGIES**

A Muirhead welcomed everyone to the meeting and apologies were noted from S Walsh.

**16.18 DECLARATIONS OF INTEREST**

A Muirhead declared an interest in agenda item 16.31 as he is a trustee of the GCEF Board.

**16.19 MINUTES OF THE MEETING HELD ON 2 MARCH 2016**

The Minutes were approved.

**16.20 MATTERS ARISING**

All matters on the action grid had been complete subject to the following:-

16.04 – JT has still to circulate the comparison data on carbon footprint management. JT

16.05 – A presentation was to be given to the Audit Committee and Board on the new Statement of Recommended Practice for Further and Higher Education. Whilst the Audit Committee had received a presentation, the March Board agenda was too full. A presentation will be given to the September Board. TE

16.07 – It was noted that A McGhee had checked the Council website and that the revised planning application had been approved.

*[A Muirhead advised the Committee that he wanted to consider items 16.21, 16.22 and 16.23 together and proposed leaving them until the end of the meeting to ensure full discussion could take place]*

#### **16.24 COMMERCIAL AND EXTERNAL FUNDING UPDATE**

D McDougall was invited to speak to his paper issued with the Agenda.

An update was given on the College's commercial and external funding business from 1<sup>st</sup> August 2015 to 30<sup>th</sup> April 2016. The Business Development Unit and the External Funding Unit are on target to exceed their commercial targets. Examples of value added work were given to the committee.

Discussion took place around the interaction of SFC grants and the need for additional commercial income as well as the potential difficulties with the ONS and possible limits on commercial income.

A Muirhead and A Linkston praised the BDU and the EFU for their excellent work in this area.

The Committee discussed the update.

#### **16.25 FUTURE CLEANING SERVICES PROVISION**

J Thomson was invited to give an update on the Future Cleaning Service Provision

It was explained that there is an ongoing review of the cleaning service provision for the college. The College currently still has the same cleaning services provision arrangements which were inherited at the point of merger. Anniesland and Langside have an external provider whilst Cardonald has in-house service provision.

A Cleaning consultant was appointed to review the service and prepare a report with all options available for consideration. The draft report outlines three options:-

- Continue with the current mix of in-house and external provision however to have one contract for the two campuses at Langside and Anniesland

## **ACTION**

- To have externally provided cleaning services at all three campuses
- To have in-house provision at all campuses

The Committee discussed the impact of the three options and, in particular, if option two was selected, the committee noted the need for the contractor to pay the living wage and to ensure robust KPI's are included in any contract.

J Thomson advised that a final report was being prepared and it was anticipated that this would go to the June Board with a recommendation for one of the options to be selected.

The Committee discussed the Future Cleaning Services Provision.

### **16.26 ESTATES UPDATE**

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

J Thomson informed the Committee that the College's next tranche of major Capital works are based on the estates conditions survey of all the College buildings. The forthcoming works this summer are as follows:-

- Preparatory works for the lifts project
- The roof replacement at Cardonald
- The upgrade of the library at the Lighthouse
- The completion of the Innovation Centre in the Lighthouse building

An update was given on the ongoing issue of the lease at the Langside Residences. Extensive discussion took place regarding the lease and the potential implications of irritating the lease or allowing it to be sold. A McGhee explained that the required dilapidations would have to be included within any sale arrangement. It was noted that the College had already mitigated its ongoing expense in this area by extinguishing the previous rental guarantee agreement.

Updates were given on the landscaping and horticulture teaching facilities at Langside, the fire compartmentation works at Anniesland and the planning application for 25 parking spaces at Anniesland. Potential issues and the resources required for each project was discussed. The Committee was advised that the costs of the fire compartmentation works at Anniesland would be sought to be paid by the building contractor BAM as these relate to latent defects.

The Committee discussed the estates update.

## 16.27 CAPITAL EXPENDITURE AND CAPITAL MASTER PLAN

J Thomson was invited to talk to the report issued with the agenda. The Committee had received a copy of the Capital Masterplan which extended the plan for the five year period through to 2020/21.

J Thomson took the Committee through each of the items on the Masterplan highlighting the amendments since last reported to the Board in March, being an increase to the planned summer works funded by the College by £250k, to include a new line item as approved for funding by the Foundation, a Hairdressing Salons Upgrade of £140k (including at least £5k fundraising), and the science lab changes as a result of the transfer of some science teaching provision from Glasgow Kelvin College to Glasgow Clyde College in the summer of 2016.

The Capital Masterplan also now details the intended funding source for each of the projects.

Discussion took place about the intended works, in particular, discussion centred round the upgrade of the lifts at Cardonald and the possible options to improve the car park at Cardonald.

A Fortuny highlighted that there is a lack of student social space at Anniesland. At present, students attend classes and then leave the campus as there is insufficient space for socialising.

JT

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

*{A McGhee left the meeting at the end of Item 16.27}*

## 16.28 BOARD POLICIES

The Committee had been asked to look at the Board Policies falling under its area and to recommend any changes to the Board. The Committee discussed the policies and recommended the following changes:-

Policy 2.1 Financial Procedures and Budgetary Control – the wording of point 2 should be given further consideration to ensure clarity. J Thomson to consider this.

JT

Policy 2.2 Procurement - a new procurement policy is currently being drafted. T Elliot to circulate new policy.

TE

Policy 2.3 Treasury Management – no changes required

The Committee discussed the Board Policies.

## **16.29 PROCUREMENT UPDATE**

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

T Elliott provided an update on the Glasgow Regional Procurement Team, noting that it continues to adopt a collaborative approach to procurement and joint tender exercises.

T Elliott took the Committee through a list of notable tender activity including the Finance System, a Project Manager for Construction and Refurbishment Projects, Waste Management Services, Website, Fire Integrity Survey and Mechanical Services. The Committee discussed these tenders including the length of appointment of some of the provisions and the source of funding.

T Elliott took the Committee through the Contract Plan and highlighted the change to status of the Electric Vehicles Contract, being that it is now 'in progress'.

The Finance and Resources Committee noted the Procurement Update.

## **16.30 RISK REGISTER – FINANCIAL RISKS**

The Committee received an update from J Thomson on the current College Risk Register. The highest risk was noted as being the failure to achieve financial sustainability for 2015/16 and future years which is affected by a range of external factors (including reduced funding, income and cost pressures, Regional issues), and is cross referred in the register to all the other financial related risks. This is a significant risk for 2016/17 due to the recent increased cost pressures for the College and linked to setting the revenue budget for the next academic year and SFC final College funding allocations.

The Committee noted the update on the Risk Register.

## **16.31 GLASGOW CLYDE EDUCATION FOUNDATION UPDATE**

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

The Committee noted that the College has had 30 applications supported by the Glasgow Clyde Education Foundation. It was noted that a new internal College approvals process had been

developed for use within the College. A copy of the process was tabled.

An update was given on the GCEF's investment strategy, noting that accurate timing of College project cash flows is important as the GCEF investment plans are affected. S Henson asked A Muirhead for details of the investments and the self-generated income from investments. A Muirhead re-iterated that he had declared an interest in this item at the start of the meeting and that he could not comment on this as the GCEF is a separate entity from the College.

The Finance and Resources Committee noted the Glasgow Clyde Education Foundation Update report.

#### **16.21 FINANCIAL REPORT TO APRIL 2016 AND FINANCIAL OUTTURN TO JULY 2016**

T Elliott was invited to talk to this paper.

T Elliott explained that the reports outlined the financial position versus the phased flexed budget for the nine month period August 2015 to April 2016 and the forecast outturn position for the academic year August 2015 to July 2016 versus the academic year 2015/16 flexed budget. The forecast operating position for 2015/16 had been updated to reflect the planned use of depreciation cash in line with the policy priorities as agreed by Scottish Government and, as such, shows a forecast operating deficit of £484k due to the costs of 2015/16 pay awards. The overall forecast position shows a deficit of £185k due to the forecast release of Glasgow Clyde Education Foundation Funding of £299k. T Elliott explained that this is required to be released to the income and expenditure account as Non-Government Capital Grants can no longer be deferred under new accounting standards

T Elliott took the Committee through the income and expenditure variances, noting that the variances were largely due to timing but where the variances were for another reason, the reason was given in the report.

The Committee discussed the Report

#### **16.22 SCOTTISH FUNDING COUNCIL INDICATIVE FUNDING ALLOCATION 2016/17**

J Thomson was asked to speak to the papers produced with the Agenda. J Thomson advised that the College had only received the SFC indicative funding allocation at a Regional level on 9<sup>th</sup>

## ACTION

May. A copy of the SFC indicative funding allocation for the Glasgow Region had been provided to the Committee with the papers.

J Thomson explained that discussions have been ongoing within the Region as to the allocation of the funding to each of the individual Colleges in Glasgow. An illustrative model was circulated in March of this year by the Interim Executive Officer of the GCRB and a couple of meetings were held with representatives from each College from the Regional Sustainability Group. This was all noted as illustrative only at this stage and would be considered again when the funding announcement was made. There are now two models in circulation – the GCRB proposed Funding Model and the rollout of the SFC Funding Model. The Colleges within the Region have been unable to reach agreement on the model to be adopted.

J Thomson tabled papers showing how each of the models would work in practice. The SFC model showed a more favourable outcome for Glasgow Clyde College.

The Committee had extensive discussions regarding the proposed models. The committee discussed the advantages and disadvantages of each model, the underlying flaws in the models and the ideal model for the College. It was agreed that A Linkston would be provided with key points to enable him to discuss fully at a Regional level. Also, he was to be provided with technical arguments to enable informed discussions with the other Chairs' within the Region.

JT/EH/T  
E

The Committee discussed the SFC Indicative Funding Allocation.

### **16.23 DRAFT REVENUE BUDGET 2016/17**

T Elliott tabled a paper on the draft budget, explaining that the uncertainty with the Glasgow Region College Funding Allocations meant that the draft budget could not be finalised. T Elliott explained that two versions had been prepared based on the two models of funding being considered.

The draft Academic Year 2016/17 budget which is based on the proposed GCRB Funding Model outlines a potential deficit of £334k for the College before including any contingency budget.

Applying the alternative draft AY 2016/17 budget which is based on the SFC Funding Model, the College will receive approximately £750k more in SFC funding resulting in the College being able to plan for a break even position.

## **ACTION**

The Committee discussed the draft budgets and the risks associated with having no contingency. Discussion took place around reducing the deficit by way of increasing commercial activity.

The committee discussed the draft Revenue Budget.

### **16.32 EQUALITIES IMPACT ASSESSMENT ON DECISIONS MADE**

The funding allocation may be linked to equalities impact.

### **16.33 REVIEW OF PAPERS**

The Committee were content with the papers and thanked those who had prepared and presented the papers.

### **16.34 ANY OTHER BUSINESS**

A Muirhead thanked everyone for their extensive input into a very detailed meeting. E Harris thanked the Board for allowing the time to have a full discussion on the funding allocation. The Chair closed the meeting.