

NOTES OF THE FOURTEENTH MEETING OF THE FINANCE AND RESOURCES COMMITTEE, HELD ON 30 NOVEMBER 2016, AT 4.30PM IN THE BOARDROOM, LANGSIDE CAMPUS, GLASGOW CLYDE COLLEGE

PRESENT:

D Newall	Committee Chair
S Cooley	Committee Member
S Henson	Committee Member (Teaching Staff Representative) (until the end of item 16.59)
A Fortuny	Student Representative

IN ATTENDANCE

B Hughes	Vice Principal Curriculum & External Relations
J Thomson	Vice Principal Resources & College Development
T Elliott	Assistant Principal, Finance & Infrastructure
D McDougall	Assistant Principal, International & Business Development
L McGaw	Assistant Principal, Organisational Development (for item 16.54 only)
G Murray	Clerk to the Board (minute taker)
G McGuinness	Board Member (for item 16.54 only)
S Heidinger	Board member (for item 16.54 only)
C Walker	Board Member (for Item 16.54 only)

APOLOGIES

S Walsh	Principal and Committee Member
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ACTION

16.50 WELCOME AND APOLOGIES

D Newall welcomed everyone to the meeting. Apologies were noted from S Walsh. D Newall thanked the additional board members who had come along for the discussion on item 16.54 noting that the invite had been extended to Committee Chairs and members of the Audit Committee.

16.51 DECLARATIONS OF INTEREST

There were no declarations of interest.

16.52 MINUTES OF THE MEETING HELD ON 5 OCTOBER 2016

The Minutes were approved.

16.53 MATTERS ARISING

All matters on the action grid had been completed.

**16.54 FINANCIAL SCENARIO PLANNING SESSION
(PRESENTATION)**

T Elliott was invited to lead on discussions around financial scenario planning for the College over a five year period. This discussion was being held at this time following the recent Audit Scotland Report which has emphasised the need for Colleges to extend their financial planning for at least a five year period. T Elliott advised the Committee that the College does already do financial planning for an extended period although this has not to date been subject to external review.

T Elliott presented budgets showing various assumptions and demonstrated the impact of any variances on the budget. The budgets had been prepared using a flat cash assumption for SFC funding. The key areas of risk were identified as being:-

- Teaching Staff costs
- Support Staff costs
- ESF funding
- SFC Credit Funding
- Commercial Activity

Those present at the meeting discussed the impact of the various scenarios and observed the key risk areas and the impact on the College overall financial position for future years. Members noted the interaction between financial planning and workforce planning and discussions took place around the linkages between them. T Elliott advised that the finance department works closely with the Human Resources department to consider impacts on staffing budgets in terms of financial planning. Extensive discussions took place around the key risk areas and the effect they have on the financial position. Discussion then shifted to what, if anything, could be done to minimise the risks. The Committee also discussed what was being done by the Scottish Funding Council to help mitigate these risks.

D Newall noted that the two main areas affecting financial sustainability were grant income and staff costs. It was important that the College should control its staff costs, and also that it should be effective in lobbying for additional income

D Newall thanked T Elliott and the College for the very informative session. He also thanked the board members who had attended for this part of the meeting.

G McGuinness, S Heidinger, C Walker and L McGaw left the meeting.

16.55 FINANCIAL STATEMENTS FOR YEAR ENDING 31 JULY 2016

T Elliott was invited to speak to the paper issued with the Agenda. T Elliott presented the Glasgow Clyde College financial statements for the twelve month period ending 31 July 2016. It was explained that the 2014/15 figures within the financial statements represent a sixteen month period (April 2014 to July 2015) as a result of a previous revision to the financial period end for Scottish Colleges. It was also explained that, due to the Principal's absence, the opening statement within the report had been prepared by the Depute Principal. The year-end audit of the draft financial statements had been completed.

Members were advised that the financial statements had been prepared in line with the Statement of Recommended Practice (SORP) for Further and Higher Education 2015. It was explained that the deficit reported in the draft financial statements is in line with the forecast outturn operating position previously reported to the Board of Management on 31 August 2016 subject to the year-end adjustments which were also outlined to the Committee.

T Elliott provided an overview of the College's Financial Performance explaining that the position was an operating surplus of £38k which was subject to adjustments in respect of Expenditure Funded by Depreciation Cash; Funded Pensions; Unfunded Pensions and Capital Funding received from the Arm's Length Foundation. After these adjustments the reported position in the financial statements was a deficit of £1.052Million although this was due to the accounting adjustments and did not impact on College financial sustainability.

D Newall took the Committee through each of the main sections of the Financial Statements inviting any comments or proposed changes. Members were satisfied with the financial statements as drafted.

16.56 FINANCIAL REPORT TO OCTOBER 2016 AND FORECAST OUTTURN TO JULY 2017

T Elliott was invited to speak to the paper issued with the Agenda. T Elliott explained that the reports outlined the financial position versus the phased budget for the three month period August 2016 to October 2016 and the forecast outturn position for the academic year August 2016 to July 2017 versus the academic year 2016/17 budget. The forecast operating position for 2016/17 shows a forecast operating deficit of £259k in line with the budgeted position.

The income and expenditure variances were outlined to the Committee. The Committee discussed the Financial Report and forecast outturn.

16.57 CAPITAL EXPENDITURE REPORT AND CAPITAL MASTERPLAN

J Thomson was invited to speak to the papers issued with the Agenda.

J Thomson explained that the report provided an update on capital expenditure against plan for the period from 1st April 2016 to 31st October 2016 and an update of the Capital Masterplan as compared to that presented to the Board in August.

It was explained that the SFC capital funding allocation for 2016/17 (fiscal year) for the Glasgow Region was £3.428Million for the period April 2016 to March 2017 which was a 14.7% reduction from the previous year, and the allocation to Glasgow Clyde College from GCRB was £1.181Million which was split £802k to capital funding and £379k to capital maintenance funding. In addition, on 30th September there was an additional allocation of SFC funding of £10Million for the sector which was £2.1Million for the Glasgow Region. The Glasgow Colleges Regional Board requested the three Glasgow Colleges to submit proposals for potential use of these funds to be utilised for estates needs and to be spent by end March 2017. The College submitted a number of bids and was successful in receiving an allocation of £1.080Million of these funds for four specific projects which are Cardonald Campus Refurbishment of Toilets £600k, Mary Stuart Building Toilets Upgrade £130k, Cardonald Campus Business Centre Refurbishment £150k, and Cardonald Campus Roof replacements phase 2 £200k.

The Committee discussed the Capital Masterplan and the proposed update. The Committee discussed the increased costs associated with the Landscaping and Horticulture project and the reasons for the increases which were based on planning requirements and an attenuation tank which needed to be resited.

Also the Committee noted the increased costs of the Lift replacement project which was included in the overall large scale plant upgrade phase 1 project.

The Committee discussed the additional allocation of SFC funding and they discussed the importance of ensuring the projects were complete by March 2017. They were advised that the projects were going to be tightly managed with a project

manager in place and tenders going out as soon as possible to ensure contractors were appointed prior to the new year.

16.58 COMMERCIAL AND EXTERNAL FUNDING UPDATE

D McDougall was invited to speak to the report issued with the Agenda. He provided an update on the commercial and external funding. The total budgeted figure for commercial income in 2016-17 had been set at £3,644,000. This was based upon the actual income for 2015-16 (£3,144,000) as a baseline for the main portfolio of planned commercial courses and an additional amount as a growth target (£500,000) in order to reduce the deficit in the College's 2016/17 budget.

D McDougall advised that the Business Development Unit had now re-forecast the targets set in June 2016, taking account of significant changes in the expected income streams. The adjusted figures suggested are £3,095,000 from the mainstream commercial activity and targeting an additional income of £207,000 in potential growth activity. The overall target for commercial income has therefore been reduced to £3,302,000.

The Committee were advised that the income to date is on target at £866,000.

The main areas for growth for the year were outlined to the Committee being:-

- Saturday Programme
- Easter Revision Classes
- Modern Apprenticeships
- Online short courses to meet regulatory requirements

The Committee noted the update.

16.59 ESTATES UPDATE

J Thomson was invited to speak to the report issued with the agenda. An update was given on the roof replacement of the Tower Block at the Cardonald campus which is now complete. The Committee were advised that the project had been delivered under budget. The Langside library refurbishment has also been completed with feedback being very positive from both staff and students. The new Innovation Centre at the Langside campus is also now complete.

J Thomson informed the Committee that there are two large capital projects being progressed at this point which are the new build teaching accommodation for Landscaping and Horticulture

ACTION

at the Langside campus, and the large scale plant upgrade/replacements at the Cardonald Campus with a major refurbishment of the five lifts, upgrade of the heating and ventilation system, and replacement of switchgear.

It had previously been intended to progress the planned covered combined entrance and circulation space for the Mary Stuart building and the Lighthouse building at the Langside campus in summer 2017, however it has now been decided to delay this until summer 2018, due to the works already being undertaken in the nearby area of the Langside campus on the Landscaping and Horticulture new build and also given the level of works being undertaken by the Estates team between now and summer 2017 given the new additional SFC capital allocation and associated works.

An update was also given on the issue of the lease related to the Langside Residences. The current lease holder has been in administration since February 2013. J Thomson informed the committee that the College are looking to issue a letter, shortly, formally seeking the administrators to grant consent to the College to irritate the Lease. The Committee discussed this with members agreeing that a decision would have to be taken on what to do with the building if returned to the College once the lease had been irritated.

16.60 PROCUREMENT UPDATE

T Elliott spoke to the report issued with the papers. The report provided an update on the following areas:

- Glasgow Regional Procurement Team (GRPT)
- Notable Tender Activity
- Contracts

The committee noted the update.

T Elliott highlighted that APUC (Advanced Procurement for Universities and Colleges) had attended the College this week to assess the College's procurement as part of an annual review now entitled Procurement Commercial and Improvement Programme and D Newall thanked the team for their work on this.

16.61 PROCUREMENT STRATEGY

T Elliott was invited to speak to the paper issued with the Agenda. T Elliott explained that the College's Procurement Strategy had been updated to reflect applicable legislation, in particular the Procurement Reform (Scotland) Act 2014. The strategy, which

had been circulated with the papers, was also aligned with the College's and the Scottish Funding Council's key strategic outcomes as detailed in the Glasgow Regional Outcome Agreement and the College Development Plan.

Whilst there is no requirement for board approval of the procurement strategy, it was explained that APUC considered it best practice for this to go through the committees. The Committee considered the strategy and were content with the wording and made no additional suggestions or revisions.

16.62 GLASGOW CLYDE EDUCATION FOUNDATION UPDATE

J Thomson was invited to speak to the report issued with the papers. Since the papers had been drafted, J Thomson had attended a further meeting of the Glasgow Clyde Education Foundation (GCEF) on 29th November. J Thomson advised that, at the meeting on 29th November, the College presented the strategic priorities which the College would aim to pursue through use of the Foundation funding as discussed and agreed at the College's October Board of Management meeting. The feedback was that whilst they accepted these identified priorities GCEF wanted to consider whether there were any longer term opportunities that should be considered.

J Thomson advised that the two new College Board Members of the GCEF had been present at the meeting – K Rosser and F Godsman.

The College submitted five applications to the Foundation as follows:-

- Addressing the Talent Pipeline – application for an employer liaison post for each of the three vocational faculties
- On line commercial courses development – range of courses planned to be developed
- Professional Foundation Programme for Lecturers – development programme for new teaching staff
- Student Entrepreneur Project – project to promote entrepreneurship and support student entrepreneurs
- Landscaping and Horticulture Teaching Facilities – potential application for additional costs for this project now required.

The feedback to date from the Foundation was that they would intend to approve the two applications in respect of the professional Foundation Programme for Lecturers after some requested amendments, and the Landscaping and Horticulture

ACTION

Teaching Facilities additional costs providing approvals are in place from the College Board of Management. The entrepreneurship project is not being funded and feedback is awaited on the other two projects with possible further information required.

A Fortuny expressed concern regarding the lack of communication between the Foundation and the Student's Association. She advised that she was unaware of the process for applying for Foundation funding and that she did not have a direct line of communication with the Foundation. The Committee observed that the previous Student Association had submitted an application which was funded and that the Students' Association should be utilising the Foundation to seek funding for certain projects. B Hughes agreed to speak to D Marshall and ask him to facilitate a meeting between the Students' Association and the Foundation. .

BH

16.63 RISK REGISTER – FINANCIAL RISKS

The Committee received a copy of the Strategic Risk Register with the Agenda. J Thomson advised that the Strategic Risk Register had been updated since last reported to the Board at its October meeting and the amended elements of the risk register were highlighted in red.

J Thomson advised that, following the last meeting of the Audit Committee, work was being done to review the Risk Register and minimise the number of risks on the register and remove overlap. A meeting has been set up with the Chair of the Audit Committee to progress this. An initial draft of the revised risk register has been prepared and the draft has a reduced number of risks on it through this review process.

S Cooley suggested that, as part of the review process, the College reflects on whether there is any alignment between any risks and that the scoring of these risks should be aligned if appropriate.

The Committee noted the update.

16.64 EQUALITIES IMPACT ASSESSMENT ON DECISIONS MADE

It was noted that equalities issues may arise from any future changes to ESF funding. However, no decisions had been taken at the meeting.

16.65 REVIEW OF PAPERS (INCLUDING DISCLOSABLE STATUS)

ACTION

The Committee agreed that the papers were well presented and provided the right level of information.

16.66 ANY OTHER BUSINESS

None

DATE OF NEXT MEETING

4.30pm on 1st March 2017, The Boardroom, Langside Campus.