

NOTES OF THE NINETEENTH MEETING OF THE FINANCE AND RESOURCES COMMITTEE, HELD ON 26 SEPTEMBER 2018, AT 4.30PM IN THE BOARDROOM, LANGSIDE CAMPUS.

PRESENT:

R Fraser	Committee Chair
D Newall	Committee Member
S Henson	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
G Heritage	Clerk to the Board (minute taker)

ACTION

18.36 WELCOME AND APOLOGIES

R Fraser welcomed everyone to the meeting. Apologies were received from K Gasiorowska and Jon Vincent

18.37 DECLARATIONS OF INTEREST

There were no declarations of interest.

18.38 MINUTES OF THE MEETING HELD ON 30 MAY 2018

Two amendments are required under Item 18.25. SFC funding should read 'to be committed by' replacing 'to be used by' and the phrase 'in respect of the Voluntary Severance Scheme' to be added clarifying the query raised about a potential College donation to GCEF. The Clerk will recirculate in revised form. The Committee accepted the minutes, with above amendments, to be an accurate reflection of the meeting held 30 May 2018.

GH

18.39 MATTERS ARISING

Progress was noted on all of the matters arising. One item to be added, referencing 18.25 will be included. Actions 18.22, 18.24, 18.26 and 18.30 are complete. Progress will be notified at the next meeting on 17.54.

18.40 REMIT OF THE COMMITTEE

The final draft was approved by the Finance & Resources Committee.

GH

18.41 DRAFT PRIMARY FINANCIAL STATEMENTS

T Elliott was invited to speak to the report issued with the agenda papers. Annexe 1 was circulated at the meeting.

T Elliott reported a slight movement since this report to year end accruals, taking the underlying operating surplus (deficit) figure from £184,000 to £175,000. Due to the difference in reporting against academic and fiscal year, this is ringfenced for spend during the budget year.

Pension liabilities has significantly improved with liability reduced from £9.7m to £223k. This resulted from changes in the financial assumptions and adjustments which are outwith the control of the College. .

The Committee queried the Lennartz liability remaining and it was clarified this is a reducing liability which will be removed over the next 2 – 3 years.

The annual Lennartz figure is approximately £600,000.

The Committee were advised that Henderson Loggie have been appointed as VAT advisers to GCC.

The Committee noted the content of the primary financial statements.

18.42 2018/19 CASHFLOW FORECAST

T Elliot was invited to speak to the report issued with the agenda papers.

The Committee's attention was drawn to the graph which represents gradually reducing balances over the year.

T Elliott advised that no short term issues were predicted, and monthly cash-flow is closely monitored. The College has the ability to vary its draw down from SFC Main Grant within the year and can thus respond to any issues which may arise.

The Committee were assured that this position is very closely monitored.

The Committee noted the contents of the 2018/19 Cash-flow forecast. Ongoing cash-flow forecasts and actuals are reported to the Committee throughout the year..

TE

18.43 CAPITAL EXPENDITURE & CAPITAL MASTERPLAN UPDATE

J Thomson was invited to speak to the papers circulated at the meeting.

J Thomson updated the Committee on progress against the 2017/18 Plan and circulated a copy of the updated Plan for 2017/18 to 2020/21.

J Thomson explained the background to the capital funding available. From GCRB's total of £6.25 million, funds are allocated based on size of each College. However, it is clear that Glasgow Kelvin College will not be able to spend its allocation for 2018/19. GCC presented a case for this funding to be transferred to this college for which we have acceptance in principle. However, it is thought this may need to be approved by GCRB Board in December. This would equally

create challenges for GCC to spend by end of July 2019, if not end of March 2019 as originally notified.

J Thomson informed the Committee we have high priority works which need to be carried out, and approval at the earliest possible date is a necessity for us to move forward with tendering processes.

The Committee were made aware that with GCRB agreement, this would still require to be referred to Scottish Funding Council.

The senior management are maintaining close contact, and progressing this to seek early confirmation. The Committee supports the efforts being made to secure the funding and to achieve earliest possible agreement.

J Thomson gave the Committee detail on the 2018/19 Masterplan. In response to queries it was explained that Cardonald Car park costs had resulted in a tender for combined work lower than had been estimated and that this work should be completed at the end of October. J Thomson also explained that Whiteboard replacements planned had largely been moved into revenue expenditure and that work on the Mary Stuart Building remained in the design phase.

. The Finance & Resources Committee approved the paper. A decision was made to take this paper to the Board meeting on 5th October. Clerk and J Thomson will liaise to ensure the paper is available as an additional paper.

18.44 COMMERCIAL AND EXTERNAL FUNDING UPDATE

D McDougall was invited to speak to the Report issued with the Agenda, which recorded commercial income of £2,774K for 2017/18 and a surplus of £912K, or 33%. The report also showed estimated income of £3,106K for 2018/19, per the approved Revenue Budget, with a budgeted surplus of £957K.

There was a lengthy discussion round how figures were calculated and presented in the Appendix 1 to the Report, which provided a detailed analysis by Faculty. This discussion referred to the method of calculating full cost recovery, of including core running costs, and the net or gross contribution basis to be used to present an accurate statement to the Committee. There were also questions about how permanent and temporary (project employed) staff were shown and how this can be monitored through the correct allocation of activity codes, generally reliant on timesheet submissions. In conclusion, the Committee clarified that in future it would like to see an analysis, by Faculty, of Contribution to the College, which should be calculated showing the following four elements: i. gross income; ii. cost of temporary staff employed

directly; iii. estimated cost of time committed by permanent staff; and iv. direct non-staffing cost.

Following this discussion AP's from Finance and Business Development will review and revise the presentation and detail to ensure this Committee receives the above information and can demonstrate the net contribution from commercial activities to GCC.

The Committee congratulated D McDougall and his team on gaining the tendered work with North Lanarkshire, and were informed that further tenders had been announced for which GCC will be making bids. Tenders in progress are not reported to the Committee or included in projections until outcomes are known.

The Committee thanked D McDougall for the update.

18.45 ESTATES UPDATE

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

J Thomson took the Committee through the detailed paper highlighting the fire integrity works at Anniesland Campus which have now been completed, and progress on the Langside Residencies which await final documentation but are almost complete.

In respect of the cladding of Mary Stuart Building whilst it is believed that the current cladding does not pose a risk, GCC is minded to carry out the works and upgrade this older cladding. This would not be completed until summer 2019.

The Committee noted the update and thanked J Thomson for the paper.

18.46 SCOTTISH FUNDING COUNCIL LETTER TO PRINCIPALS

T Elliott spoke to this paper circulated with the agenda.

The letter introduces some change in that quarterly resource returns will no longer be required from each College, saving some work.

Colleges will continue to submit regular cash-flow forecasts and a template is under revision for this.

The requirement to report against the academic and the fiscal years remains in place, so budgets will still need to be managed across both these accounting years. The letter results in a marginal reduction in reporting.

The Committee noted the contents of the letter.

Items for Noting

18.47 PROCUREMENT UPDATE

T Elliott spoke to the report previously circulated with the agenda. A full contract update was provided, and the current status of tenders and contracts.

The Committee were asked to note that a full procurement report is required to be published in November but does not require full Board approval. This report can be agreed a senior management level. T Elliott assured the Committee that no issues were anticipated and the link to the report would be shared with the Board.

The Committee agreed that a shared link should be circulated when available for all Board members.

The Committee was asked how useful this full information was and informed T Elliott that it was useful information.

Following a short discussion the Committee noted the contents of the update.

18.48 STUDENT SUPPORT FUNDS REPORT

T Elliott gave an overview of the student support funding as presented in the report circulated with the agenda papers.

The Committee was advised funding is distributed on behalf of both SFC and SAAS (Student Awards Agency for Scotland).

The reports shows some movement between the 2017-18 and 2018-19 years due to ESF funding no longer being available for FE students after 2017-18.

It was explained that SFC funding can be adjusted according to demand, and GCC aims to hold no more than is necessary to avoid returning unused amounts.

SAAS is funding 'of the last resort' managed by GCC and is never overspent.

T Elliott also explained how GCC factor in drop out levels to avoid any funding shortfall.

The Committee were asked to note the risk analysis. Changes in SFC guidance could potentially result in a reduction of funds in 2018-19. The Committee were assured this is being closely managed and monitored to mitigate risk by reducing the value GCC awards above the SFC allocation to no more than 8%.

The Committee noted the contents of the report.

18.49 GLASGOW CLYDE EDUCATION FOUNDATION UPDATE

J Thomson provided a brief report which was issued with the agenda papers.

The Committee were advised of two bids recently approved and there are two pipeline bids for future submission.

The Committee asked that bid proposals are shared with the Board prior to submitting to GCEF. J Thomson will check meeting dates to ensure this can be achieved. The Committee responded that the bids could be shared by email if meeting dates posed a difficulty.

ACTION

It was commented that the recent GCEF AGM showed an unspent balance of £9.75M at March 2018, which was higher than the current agenda paper would suggest. J Thomson agreed to look into the explanation of the figure of £9.75M. The Committee noted the contents of the update.

JT

18.33 EQUALITIES IMPACT ASSESSMENT ON DECISIONS MADE

None are applicable.

18.34 REVIEW OF PAPERS (INCLUDING DISCLOSABLE STATUS)

No variation to the disclosable status of papers as provided. Item 18.44 was also deemed non disclosable.

18.35 ANY OTHER BUSINESS

The Committee asked if an assessment of the impact of teaching pensions had been assessed. T Elliott responded that this was still to be analysed, taking into account information being received from National Bargaining. There remained the potential for significant impact.

DATE OF NEXT MEETING

Wednesday, 5TH December, 2018 at 4.30pm, The Boardroom, Langside Campus