

**NOTES OF THE MEETING OF THE FINANCE AND RESOURCES COMMITTEE,  
HELD ON 27 MAY 2020 AT 4.30PM. THE MEETING WAS HELD REMOTELY DUE  
TO COVID 19 RESTRICTIONS.**

**PRESENT:**

R Fraser	Committee Chair
D Newall	Committee Member
J Vincent	Committee Member
S Henson	Committee Member
S Rasmussen	Committee Member

**IN ATTENDANCE**

J Thomson	Vice Principal Resources & College Development
T Elliott	Assistant Principal, Finance & Infrastructure
D McDougall	Assistant Principal, International & Business Development
CMcConnell	Clerk to the Board (minute taker)

**ACTION**

**20.18 WELCOME AND APOLOGIES**

R Fraser welcomed everyone to the meeting.

**20.19 DECLARATIONS OF INTEREST**

There were no declarations of interest.

**20.20 MINUTE OF THE MEETING HELD ON 4 MARCH  
2020**

The Minute was approved as an accurate record of the previous meeting.

**20.21 MATTERS ARISING**

The Committee noted the progress on the Matters Arising Action Grid.

**20.22 COVID- 19 FINANCIAL IMPLICATIONS**

J Thomson spoke to the report and advised the Committee of the severe financial implications for the College of the Covid-19 pandemic.

The Committee noted that the decision was taken to close all three campuses of the College from Friday 20<sup>th</sup> March. The Committee was advised that all commercial related activity was reduced to very low levels, or ceased, from that date.

Staff are working from home where possible.

The Committee heard that income from all sources has been adversely impacted whilst expenditure has not significantly reduced, given that the main

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element of expenditure is staff costs most of which the College will still have to pay although some staff have been furloughed.

The Committee discussed in detail the future funding challenges which the College will face and recognised the uncertainty of the position for next session which is of concern.

The Committee agreed that the position must be monitored closely over the coming weeks and months.

### 20.23 FINANCIAL REPORT – YEAR TO APRIL AND FORECAST TO JULY 2020

T Elliott was invited to speak to the report.

T Elliott outlined the financial position versus the phased budget for the nine-month period August 2019 to April 2020 and the forecast outturn position for the academic year August 2019 to July 2020 versus the academic year 2019/20 flexed budget. As a result of the Covid-19 crisis, the Committee was advised that the current position for 2019/20 shows a forecast adjusted operating deficit of £1,277k versus a flexed budgeted adjusted operating deficit of £192k, outlining an adverse variance of £1,085k.

The Committee was advised that the cash flow report indicates that the College's cash position at end July is currently forecast to be the equivalent of 17 days' cash. However, the Committee was very concerned that this balance includes SFC funds and Lennartz VAT payments of circa £1.60M which the College currently expects to have to repay during AY 2020/21. When these balances are excluded the College is forecast to hold only 5 days' cash and, as such, will have to continue to closely monitor its cash balances in order to ensure it can continue to meet its obligations in respect of making payments to staff, suppliers and other agencies in the very short term. The Committee asked that TE prepare cash projections showing the impact of early drawdown of 20/21 funding from the SFC on cash flow and provide an estimate of when the cash flow would reach zero once this funding has been used up.

TE

The Committee **noted** the Report.

## ACTION

### **20.24 DRAFT REVENUE BUDGET FOR ACADEMIC YEAR 2020/21**

T Elliott provided a presentation to the Committee which detailed a range of scenarios. T Elliott explained that, with the current levels of uncertainty, it is currently not possible to set a balanced budget for 2020/21 unless SFC provide additional funding or action is taken by the College in the short term to significantly reduce costs. T Elliott explained the key risks presented in each scenario and outlined the range of assumptions therein.

The Committee discussed the scenarios in detail, stressing the understandable lack of clarity in terms of the financial planning as a result of the Covid19 crisis but noting that each scenario resulted in a significant deficit which would require the College to take immediate action to reduce costs.

T Elliott emphasised the need for further detailed financial modelling in respect of forecast tuition fees based on the planned 2020/21 curriculum as a key factor in the financial forecasts. The Committee stressed the urgency of taking early proactive action in terms of reducing costs in order to manage the impact of Covid19 on the College's financial forecast outturn and cash position. There was a discussion on the College's anticipated cash position for 2019/20 and for early 2020/21 and the importance of monitoring the College's ongoing cash position was emphasised. The Committee agreed that the presentation provided at the meeting would be useful to explain the position to the Board and recognised that it may be necessary to hold emergency Board meetings as the situation develops to enable the Board to make immediate decisions.

TE/JT

### **20.25 FINANCIAL FORECAST RETURN**

T Elliott advised the Committee that SFC have indicated they would not be in a position to provide consistent sector wide financial assumptions in order to allow Colleges to prepare five year financial plans until later and the timescale for submission of these plans was now September 2020. T Elliott also advised that, in the interim period, the Colleges Scotland Principals Group has been working with the College Sector Finance Lead Group to prepare draft assumptions for 2020/21 and, in the event, that

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these are agreed with SFC this would enable Scotland's Colleges to prepare 2020/21 budget scenarios on a consistent basis. T Elliott advised that, if sector wide assumptions become available in sufficient time, she would plan to brief the College Board of Management at their next meeting on that basis.

The Committee noted the position.

### **20.26 CAPITAL EXPENDITURE & MASTERPLAN UPDATE**

J Thomson spoke to the paper.

The Committee was advised that there had been some delays to the 2019/20 capital projects for estates high priority maintenance as contractors had been required to stop work due to the pandemic. The Committee discussed the impact of the requirements for social distancing and other Health and Safety measures on arrangements for return to the College.

The Committee noted the Report.

### **20.27 ESTATES UPDATE**

J Thomson was invited to speak to the report.

J Thomson advised how the restrictions imposed in relation to the Covid-19 virus have impact y on the Estates team. There have been impacts on access to the College for estates staff and for essential maintenance. It was also noted that cleaning services will be one of the first to come back to work in the College premises to enable the College to restart and outline arrangements for this were being discussed.

The Committee discussed and noted the Report.

### **20.28 COMMERCIAL AND EXTERNAL FUNDING UPDATE**

D McDougall was invited to speak to the report.

He advised the Committee that commercial income has almost ground to a halt due to the impact of the Covid-19 virus. He explained that some large employers were no longer able to fund apprenticeship places as they had previously

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planned, which had a significant adverse impact on the expected commercial income. However, the team were continuing to work with Skills Development Scotland to identify employers who may be in a position to take up places.

The Committee noted, that after taking advice from Anderson Strathern, Solicitors, the College considers the proposed project to deliver Advanced Diplomas in London, using European Examinations Board (EEB) Ltd to provide teaching, accommodation and assessment, constitutes a Service Concession Contract within the definition of the Concession Contracts (Scotland) Regulations 2016. As such, a full procurement process is not necessary and the Committee was requested to note and agree to this as the method, i.e. as a Service Concession Contract, for moving forward with this project.

The Committee noted and agreed this position.

The Committee noted the Report.

### **20.29 COMMERCIAL RECOVERY PLAN**

D McDougall spoke to the report.

D McDougall advised that the purpose of the report is to provide members of the Committee with the commercial plan and targets for 2020-21 and a proposed timescale for rewriting the longer-term commercial plan.

The Committee noted that there are a number of elements which are impacting upon commercial funding due to the pandemic, namely: -

- Employers issues
- Self-funded students
- Unemployment
- Safe class sizes
- International students
- Non-teaching services
- Government funded initiatives.

The Committee discussed and agreed that as well as the significant challenges there will be a number of opportunities in the future presented through a focus on areas where the College has expertise and from changes in the way in which courses are delivered. The Committee encouraged the Business Development team to explore all

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opportunities bearing in mind the College’s vision to meet the needs of the local community.

The Committee noted the report.

**20.30 STRATEGIC KPIS**

CMcConnell spoke to the paper.

The Committee was advised that the Board had asked the Committee to consider the KPIS proposed in the draft Strategic Plan 2020-2025 under the Theme 5, “Financial Resilience Through Operational Excellence”.

The Committee discussed the KPIS and agreed that, in addition to those identified in the report, the following two indicators should be reported to the Board: -

- Cash balance position as forecast in approved budget/FFR (at minimum)
- Commercial Income contribution to overhead in line with approved plan.

**JV/CMc  
C**

**20.31 F&R COMMITTEE TERMS OF REFERENCE**

CMcConnell spoke to the paper.

The Committee was asked to consider its Terms of Reference and provide recommendations on any changes to the Board.

After discussion, the Committee made the following recommendations: -

- Responsibility for monitoring cash balances should be specifically added to the Remit;
- The quorum of three members should specify that at least two of those members should be lay members.

The Committee asked the Clerk to report the suggested amendments to the Board at its next meeting.

**CMcC**

**Items for noting**

**20.32 PROCUREMENT UPDATE**

T Elliott spoke to the paper.

She explained that the paper provided the Committee with details of the College’s

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procurement activity. It was highlighted to the Committee the update on key contracts which were previously in the process of being re-tendered. As a direct result of the Covid19 crisis and related lock down restrictions, it has not been possible to complete the tender process for these contracts and, as such, they are currently under review and negotiations are ongoing with existing providers in respect of potential extensions. The key contracts are in respect of catering services and the provision of multi-function devices, which were both due to end in July and are planned to be extended. The College utilises APUC as a shared service and is taking their advice accordingly throughout this process..

### **20.33 COLLEGE STRATEGIC RISK REGISTER-FINANCIAL RISKS**

J Thomson spoke to the report and explained to the Committee that the College Strategic Risk Register had been updated to reflect the risks arising out of the Covid-19 pandemic. The Committee agreed that the biggest financial risks are in relation to commercial targets and the non-Scottish Funding Council income.

The Committee noted that mitigating actions were being addressed in relation to all risks on the register.

### **20.34 GLASGOW CLYDE EDUCATION FOUNDATION UPDATE**

J Thomson spoke to the Report.

The report outlines the various projects, which had been approved for funding from the Foundation.

In addition, the Committee noted that the College was particularly grateful to receive funding within a short timeframe to enable it to supply laptops to students without suitable It equipment to continue their studies during the current College closure.

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

N/A

**20.36 REVIEW OF PAPERS (INCLUDING ACTION  
DISCLOSABLE STATUS)**  
As per noted on papers.

**20.37 ANY OTHER BUSINESS**  
None

**DATE OF NEXT MEETING  
7<sup>th</sup> OCTOBER 2020 4.30PM  
BOARDROOM, ANNIESLAND CAMPUS**