

**NOTES OF FINANCE AND RESOURCES COMMITTEE
HELD AT 4.30 PM ON 7 OCTOBER 2020
MEETING HELD REMOTELY DUE TO LOCKDOWN RESTRICTIONS**

PRESENT

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

IN ATTENDANCE

J Thomson	Vice Principal Resources and College Development
T Elliott	Assistant Principal, Finance and Infrastructure
J Canning for Item 20.46	Head of Commercial Development

20.38 WELCOME AND APOLOGIES ACTION
D Newall welcomed everyone to the meeting

20.39 DECLARATIONS OF INTEREST
There were no declarations of interest.

20.40 MINUTE OF THE MEETING HELD ON 27 MAY 2020
The Minute was approved as an accurate record of the previous meeting.

20.41 MATTERS ARISING ACTION GRID
The Committee noted that the actions on the Matters Arising Grid had been completed.

20.42 DRAFT PRIMARY FINANCIAL STATEMENTS
T Elliott was invited to speak to the Report issued with the Agenda which included the draft primary financial statements for the year to 31 July 2020.

T Elliott informed the meeting that the draft primary financial statements comprised the Statement of Comprehensive Income and Expenditure (SOCIE) and the draft Balance Sheet as at 31 July 2020. T Elliott advised that, due to the increased uncertainty as a result of COVID19, there will be additional audit fieldwork this year. The final statements will be presented to the Committee at its next meeting on 25 November 2020.

T Elliott advised the Committee that the College is reporting a deficit position, before other gains and losses, of £3,723k. T Elliott then took the Committee through a number of adjustments, resulting in a surplus of £278k.

The Committee discussed the risks associated with the amount of actuarial losses on Defined Benefit Pension Plans and noted that a more detailed report on this will be presented to the Audit Committee in November. This report will also be shared with the Chair, when received. TE

T Elliott advised that the forecast adjusted operating position for 2019/20 therefore is the surplus of £278k. She explained that the draft outturn position has improved significantly since the SFC Financial Forecast return was submitted to GCRB earlier this year. The principal reasons for the improvement are due to additional funds from the Job Retention Scheme Income and a reduction in Estates Maintenance Costs, Utilities Costs and other Estates costs due to the closure of the College as a result of COVID19 and the related lockdown.

The Committee commented that the improved figure is a welcome outcome. However, it recognised that there is still a level of uncertainty and so the position could be subject to change. The Committee also expressed a continuing concern as to the level of cash and asked that more analysis of this figure be provided to the Board. TE explained that movements in cash are outlined in the presentation at the next agenda item 20.43 and that a similar update will be presented to the Board of Management at their next meeting of 28 October 2020.

The Committee agreed that the paper and draft statements should be presented to the Board on 28 October 2020 TE

The Committee noted the report.

20.43 2020/21 BUDGET and 2021/22 to 2022/23 FINANCIAL PLAN UPDATE

T Elliott took the Committee through a presentation detailing the proposed 2020/21 budget and the forecast for the following two years.

T Elliott advised that a full review of the figures in the Financial Forecast Review had been undertaken since the last Board meeting in June 2020 to reach the improved position which she was now able to report.

The Committee noted that the majority of costs are for staffing. Therefore, in addition to some non-staff savings, savings have been sought through holding vacancies and reducing the number of temporary staff bearing in mind the potential impact on service delivery.

The Committee noted the increased income from Tuition Fees and recognised the risk that student numbers may reduce before the December date for confirmation of SAAS funding.

T Elliott took the Committee through the forecasts for 20/21, 21/22 and 22/23, emphasising that the figures are based on a number of assumptions. The assumptions include receipt of a grant from Glasgow Clyde Education Foundation and include an element of Voluntary Severance Costs. In summary, the figures show that, without remedial action, the College would have an operating deficit in these three years of, respectively, £1,160k, £724k and £1,744k. After receipt of grant support from GCEF and following the implementation of a voluntary severance scheme, the deficit in 20/21 is forecast to reduce to £260k, with small surpluses in each of the following years.

TE

The Committee was advised that, taking all assumptions into account, there has been a significant improvement to the College's cash balances which is to be welcomed. The Committee discussed the risks attached to the assumptions, noting that there is still a degree of uncertainty.

The Committee asked that T Elliott take the presentation to the next Board meeting on 28th October 2020 to allow the Board to give formal approval to the budget.

The Committee noted the report.

20.44 CAPITAL EXPENDITURE AND MASTERPLAN UPDATE

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

The Committee was informed that SFC/ GCRB funds have been allocated to six project areas. These are Lighting Replacement phase 2 at Cardonald, External Drainage & Lightning Protection at Cardonald, Mary Stuart Building Lighting & Fire Intruder Alarm Replacement, College Building Management System Replacement/ Upgrade, Anniesland

Heating & Ventilation Works, and Floorcoverings Replacement.

It is proposed to use a further capital allocation towards funding Student Space refurbishment works at Anniesland or other priority maintenance works.

The Committee noted the update.

20.45 ESTATES UPDATE

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

The Committee was advised that five of the main projects had to be put on hold when the College closed as a result of the COVID 19 virus. These are the replacement of chiller units, disabled access lifts and a replacement flat roof all at the Cardonald campus, plus the replacement of the boiler plant for the Mary Stuart and Litehouse building at the Langside campus, and some lighting replacement at the Cardonald campus. The projects were commenced when it was possible to do so again in June and are all due to be completed by end March 2021.

The Committee was also told of the six Estates projects under the heading of high priority maintenance together with a further project to refurbish the Student Space at Anniesland Campus. The Committee noted that the Estates team and the Health and Safety Team worked exceptionally hard during July and August to facilitate the safe re-opening of the College. The Committee recognised the teams' contribution and asked that this be included within a report to the next Board.

JT

The Committee also noted the position as regards catering staff at Cardonald Campus.

The Committee noted the report.

20.46 COMMERCIAL AND EXTERNAL FUNDING UPDATE

John Canning was invited to present the report which had been prepared by Duncan McDougall, Assistant Principal International & Business Development who had given his apologies.

J Canning advised that the report provides an update on the 2020-21 targets and demonstrates progress for income and surplus contribution from sources other than the Scottish Funding Council.

The Committee noted that the target income for the year is £1.6m which compares to a final outturn for 2019/20 of £1.9M. The Committee recognised that the work of the Unit had been adversely impacted by the Covid-19 pandemic with funding being lost from the Integrated Grants Fund and employer fees. The pandemic has led to a reluctance on the part of employers to commit to future funding.

The Committee recognised that the estimates provided are subject to more uncertainty than normal with the impact of

COVID-19 crisis on the economy and on people's readiness to undertake training and education. The Committee was told that the Scottish Government has indicated that funds will be provided for training and employability and there will be opportunities to explore when more detail is available,

The Committee expressed serious concern at the low level of contribution (around £25K) after costs have been deducted. The Committee noted also that three quarters of direct staff costs were for temporary staff and that the overhead costs of the Business Development Unit (BDU) are high. The Committee made clear that it expects to see a reduction in the use of temporary staff and in BDU central staff costs in the forthcoming year.
The Committee noted the report.

20.47 GLASGOW CLYDE EDUCATION FOUNDATION UPDATE

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

J Thomson advised the Committee of the bid to be submitted to GCEF to aid with the College's financial position.

The Committee noted that there had been a number of successful revenue bids in 19/20. Adjustments to phasings are being discussed as a result of College closure.

JT

The Committee noted that GCEF have appointed Gill Troup as its new chair.

The Committee noted the report.

20.48 PROCUREMENT UPDATE

The Committee noted the report.

20.49 COLLEGE STRATEGIC RISK REGISTER

The Committee noted the report.

20.50 ANY OTHER BUSINESS

There were no other items for discussion.

DATE OF NEXT MEETING

25 November 2020 at 4.30 pm