

**NOTES OF FINANCE AND RESOURCES COMMITTEE  
HELD AT 4.30 PM ON 6 OCTOBER 2021  
MEETING HELD REMOTELY BY ZOOM DUE TO COVID-19 RESTRICTIONS**

**PRESENT**

D Newall	Committee Chair
L Paterson	Committee Member
K Rosser	Committee Member
J Vincent	Committee Member

**IN ATTENDANCE**

J Thomson	Vice Principal Resources and College Development
T Elliott	Assistant Principal, Finance and Infrastructure
D McDougall ( for item 21.36 only)	Assistant Principal, International & Business Development

**21.29 WELCOME AND APOLOGIES ACTION**

D Newall welcomed everyone to the meeting.  
Apologies were received from S Henson and J Thompson,  
both Committee members.

**21.30 DECLARATIONS OF INTEREST**

There were no declarations of interest.

**21.31 MINUTE OF THE MEETING HELD ON 2 JUNE 2021**

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

**21.32 MATTERS ARISING ACTION GRID**

The Committee noted that the actions on the Matters Arising  
Grid had been completed.

**21.33 DRAFT PRIMARY FINANCIAL STATEMENTS**

T Elliott was invited to speak to the Report issued with the  
Agenda. The report included the draft primary financial  
statements for the year to 31 July 2021, the final version of  
which would require to be approved by the Board at its 15  
December meeting.

T Elliott took the Committee through the Statement of  
Comprehensive Income and Expenditure.

T Elliott advised the Committee that the College is reporting a  
deficit position, before other gains and losses, of £4,066k.

T Elliott took the Committee through a number of adjustments  
to the surplus which, when applied, resulted in an adjusted  
operating surplus of £573k.

The Committee noted that, amongst others, the adjustments included an actuarial gain on the Defined Benefit Pension Scheme of £13m.

The Committee considered the detail of the Statement of Comprehensive Income and Expenditure noting that many of the adverse movements were due to the impact of COVID-19. For example, there has been a significant reduction in the amount received through the European Social Fund (ESF) as a result of a reduction in credits.

T Elliott then provided the Committee with the detail of the Balance Sheet, again providing detail on the movements. The Committee commented on the level of the cash balance held at July and noted that this was due mainly to the Adjusted Operating Surplus and the movements in debtors and short-term creditors.

The Committee discussed a proposed provision of £500K to fund future payments as part of the Voluntary Severance Scheme. This was agreed to be a reasonable estimate of potential costs if the scheme is extended.

The Committee noted the report and agreed that the final version of the full statements will be submitted to the Board of Management for approval in December 2021. **TE**

**21.34 FIVE YEAR FINANCIAL PLAN UPDATE and**  
**21.37 FINANCIAL FORECAST REPORT**

T Elliot spoke to both items and firstly took the Committee through a presentation detailing the proposed 2021/22 budget and the forecast for the following four years. T Elliott advised that the FFR has been updated to reflect the five year plan.

The Committee noted that the Further Education Sector is becoming increasingly concerned about meeting credit targets in 2021/22, in particular regarding European Social Fund (ESF) programmes, and that SFC's advice was that the risk of not meeting those targets should be factored into the Financial Forecast Report (FFR).

T Elliott took the Committee through the two funding scenarios provided by the Scottish Funding Council (SFC) and explained the key changes to the five year plan which will be submitted to the Board for approval. The changes to the underlying assumptions affect staff costs, staff restructuring, non-staff costs inflation, annual donations to Glasgow Clyde Education Foundation (GCEF) and updated cash balances which will be presented in the FFR spreadsheet.

The FFR commentary will include an alternative version of the five year plan based on the SFC Funding Scenario 2.

The Committee noted that there is a range of planning assumptions in both scenarios which are kept under constant review.

The Committee discussed the report in detail and was particularly concerned at the impact of the potential reduction in ESF funding. The Committee noted that all possible steps were being taken to minimise this risk but agreed that the risk should be highlighted to the SFC. Should ESF funding be reduced as forecast, with no mitigating action by SFC, this would result in a deficit of £450K for 2021/22, as compared with the approved budget surplus of £130K.

The Committee approved the submission of the 5 year forecast to the SFC by 15 October, subject to formal approval by the Board on 20<sup>th</sup> October. TE

The Committee agreed that the Board should have sight of the high level summary only with the scrutiny of the detail being delegated to the Chair, L Paterson and J Vincent on behalf of the Finance and Resources Committee. DN

The Committee noted the report.

## **21.35 ESTATES, CAPITAL EXPENDITURE AND MASTERPLAN UPDATE**

J Thomson was invited to speak to the Report issued with the agenda which provided the Committee with a summary of the main current estates matters, an update on the Capital expenditure against plan and an update on the Capital Masterplan.

The Committee noted that all items in the 2020/21 programme of work have been concluded and heard of the delays in completing the refurbishment of the student space at Anniesland- the latest of which has been caused by supply chain issues.

The Committee was informed that the capital plan for 2021/22 is based on priority needs and that the high priority maintenance amounts to £1.95m.

The Committee also noted that the College has commissioned a condition survey to help inform future capital planning.

The Committee discussed the post-lockdown impact on the longer term estates strategy. The Committee agreed that the on- campus community is very important for most students both from a perspective of positive support from other learners and lecturers and as part of readiness for work.

The Committee commented that timescales are extremely tight for completion of projects with funding allocated in June having to be spent by the following March. The Committee agreed that progress should be reviewed in December to re-assess the likelihood of completion by the March deadline. JT

The Committee noted the impact of the Catering Service restructure and the challenges presented.

## **21.36 COMMERCIAL AND EXTERNAL FUNDING UPDATE 2020/21 OUTTURN AND 2021/22 PLAN**

D McDougall spoke to the report which was in two parts:-

- (1) Final report for the academic year 2020/21; and
- (2) Summary report on planned activity for 2021/22.

The Committee was pleased to note that the total income achieved in 2020/21 was above the adjusted target by almost £200k. The Committee was pleased also to note that a much higher proportion of commercial work (70%) had been undertaken by permanent, rather than temporary, staff.

The Committee discussed the projected figures for 2021/22. The Committee discussed in particular the change to the split between permanent and temporary staff and asked about the process supporting this conclusion. The Committee was assured that the proposal had been discussed in detail with the faculties and that the position was regularly monitored throughout the year.

The Committee discussed the targets for 2021/22 in some detail and was supportive of the expressed desire to explore all opportunities. Commercial income was forecast to rise to £1.655M which, after allowing for a technical adjustment re Foundation Apprenticeships, compared with a figure of £1.011M in 2020/21. The net surplus was forecast at £0.439M. The Committee asked that the report to the following Committee provide information on some of the new longer term opportunities which are being explored.

**DMcD**

**21.37 SFC FINANCIAL FORECAST RETURN**

See agenda Item 21.34 above.

**21.38 GLASGOW CLYDE EDUCATION FOUNDATION UPDATE**

J Thomson was invited to speak to the Report issued with the agenda which provided the Committee with an update on the GCEF projects as at 31 July 2021.

The Chair advised the Committee that, following changes in GCEF personnel, GCEF has agreed that the College's Finance and Resources Committee should be responsible for monitoring expenditure on GCEF funded projects.

The Committee noted that there were 10 GCEF approved projects which remained live in 2020/21 and the paper summarised progress against these projects.

The Committee agreed that it is of utmost importance that the College continually reviews planned expenditure on projects which have benefitted from GCEF funding to ensure that value for money is being obtained. In particular, it was agreed that:

1. no new commitments should be made against the Business Transformation project until a fresh proposal had been approved by GCEF;
2. commitments against the £900K grant for financial sustainability should be reported to the Committee as part of the regular review of the 2021/22 Management accounts; and
3. planned future expenditure on the Staff Development, DELTA and Commercial income projects should be reviewed with a view to ensuring best value.

The Committee noted that, of ten approved projects during 2020/21, five are at the final draw down stage at end July 2021. Two of these projects (Research and Development Programme and ICT investment) have been fully completed. Three others (capital costs, staff development and online course development) have final elements of expenditure in 2020/21.

The Committee discussed the five projects which remain ongoing at end of July 2021. It asked that future reports should contain a high-level statement against each on the impact of the project and its contribution to the College's strategic objectives. The Committee commented on the discussion at the Board's strategy day in September, which was attended by the Chair of GCEF, when a range of possible future plans were explored at a high level. The Committee noted that a paper will be provided to the next Board with more detail on the proposal to improve learning spaces at College campuses which had formed part of the discussion at the strategy day. JT

The Committee noted that it will receive further reports on GCEF spend at its December, March and June meetings and agreed that these should be forwarded to GCEF for information together with the minute of the Committee's discussion.

## **21.39 KEY PERFORMANCE INDICATORS**

J Vincent spoke to the report which provided the Committee with a draft set of Key Performance Indicators (KPIs) for monitoring by the Finance and Resources Committee on an on-going basis in response to a discussion at the Board's strategy day in September 2021.

The Committee agreed that the reporting framework should not create unnecessary work for executives and therefore stressed the importance of ensuring indicators are meaningful, robust and useful.

The Committee discussed the proposed KPIs under the four headings in the report: financial performance; contract fulfilment; resource utilisation and sustainability and recycling. The Committee noted that there is existing performance data under the first two of those headings and therefore agreed that the Committee would welcome sight of this at future meetings. JV

The Committee heard that there is also data available on sustainability and recycling indicators which can readily be developed to provide the Committee with quarterly statistics. The Committee asked therefore that this data is also included in future reports to the Committee. JV

The Committee recognised that the measures listed under "Resource Utilisation" are not readily available at present but agreed that the level of room utilisation is an important measure if it can be accurately determined. The Committee

agreed that the data which could support this indicator should be established and brought to the Committee at a future date when the College is satisfied that it is robust. JV

The Committee asked the College to ensure that appropriate targets are included in any future reports and was advised that the College's Internal Auditors would include the proposed KPIs in their future needs assessments.

The Committee also agreed that not all KPIs should be reported to the Board but that it would be appropriate to report those flagged as Red under the standard Red/ Amber/ Green classification.

The Chair and T Elliott agreed to determine which KPIs should be included in the performance report element of the annual financial report. DN/TE

**21.40 PROCUREMENT UPDATE**

The Committee noted the report.

**21.41 COLLEGE STRATEGIC RISK REGISTER- FINANCIAL RISKS**

The Committee noted the report. JT advised that the report would be updated before submission to the Board.

**21.42 COMMITTEE REMIT AND SCHEDULE OF WORK**

The Committee agreed that its remit remained fit for purpose and that the Schedule of Work was helpful for planning of meetings. The Committee noted the option to use co-opted members in future.

**21.43 ANY OTHER BUSINESS**

There were no other items for discussion.

**DATE OF NEXT MEETING**

1 December 2021 at 4.30pm Location Seminar Rooms 1&2 Cardonald Campus