NOTES OF THE MEETING OF THE FINANCE AND RESOURCES COMMITTEE,

HELD ON 12 MARCH 2025 AT 4.30PM.

The meeting was held remotely.

PRESENT:

Margaret Swiderska	Committee Member (Chair)
Gavin Lee	Committee Member
Anna Magiera	Committee Member
David Newall	Committee Member
Kathleen Sweeney	Committee Member
Martina Tuskova	Committee Member
Jon Vincent	Committee Member (from item 25.05)

IN ATTENDANCE:

Niall Macpherson	Chief Operating Officer
Peter Fee	Assistant Principal Finance and Resources
Robert Anderson	Assistant Principal Business Development (for item 25.08)

25.01 Welcome and Apologies

Margaret Swiderska welcomed everyone to the meeting.

Apologies were noted from Jennifer Hunter.

25.02 Declarations of Interest

There were no declarations of interest.

Minutes of Previous Meeting

25.03 Minutes of the Finance and Resources Committee of 27 November 2024

The minutes of the meeting held on 27 November were agreed as an accurate record.

25.04 Matters Arising Action Grid

The committee was satisfied that all matters arising were either complete or would be the subject of discussion in the course of the meeting.

Items for Discussion

25.05 Financial Report for year to January 2025 and Forecast to July 2025

The Assistant Principal Finance & Resources spoke to the Financial Report. The 2024/25 forecast outturn position had improved significantly in comparison with the approved budget. A surplus of £457,000 was now forecast, a favourable variance of £952,000 on the budgeted figure. This improved position included provision of £501,000 for unbudgeted restructuring costs and £241,000 for unbudgeted employer's national insurance contributions.

The main reason for the overall favourable variance was that salary costs had been overestimated in the budget by £1.674 million. This was mainly due to colleagues included in voluntary severance effective from July still being counted as staff members, as well as overestimate of an accrual of pending pay awards. While welcoming the apparent improvement in the forecast, the committee was concerned that such a material overestimate had been made. The Assistant Principal Finance & Resources advised of steps that had now been taken to ensure future forecasts would be more robust. Through the Staffing Group, a firmer control was being exercised over the staff establishment. Budget holders were now being required formally to confirm their staff establishment, and to sign off their draft budgets. In addition, when in future the college made a financial accrual in respect of pending pay awards, the calculated value of the accrual would require to be peer-reviewed.

Having discussed the financial report for 2024/25, the committee agreed it should draw the Board of Management's attention to the revised forecast and to the key drivers behind it, and that it should highlight the process improvements that had now been introduced by the Chief Operating Officer and the Assistant Principal Finance & Resources.

Action: JH

The committee noted that the budget overestimate was likely to impact on the financial projections for 2025/26 and 2026/27, years in which deficits of £4.3 million and £6.5 million had been forecast. Work had begun on updating the financial forecasts, which would be affected also by the Scottish Funding Council's allocation of grant for 2025/26 and by the college's achievement of cost savings through voluntary severance and other means.

The cash flow forecast showed that the college would have a cash balance of £11 million at the end of the financial year, equivalent to 83 days' expenditure. This included Scottish Funding Council (SFC) funds which were currently expected to be the subject of clawback by SFC. After allowing for possible clawback and other known liabilities, the estimated value of uncommitted cash at the end of the financial year was equivalent to 29 days' expenditure, as compared with a target of 25 days'.

25.06 Scottish Funding Council Indicative Allocation 2025/26

The Chief Operating Officer reported that the Scottish Funding Council would next meet on 20 March, when it would consider a proposed revision to its college funding methodology. College funding allocations for 2025/26 would then be announced one week later, on 27 March. With the Scottish Government's stated intention to wind down the Glasgow Colleges' Regional Board, funding allocations would now be made directly to each college in Glasgow. The Scottish colleges had recently been advised that additional funding would be provided through SFC, effective from April 2025, to cover the full cost of the increased employer's contribution (from 23% to 26%) to the Scottish Teachers Pension Scheme. In addition, SFC would fund 60% of the increased employer's National Insurance contribution, also effective from April 2025.

25.07 Key Performance Indicators

The Chief Operating Officer spoke to the KPI report. The RAG analysis was green in respect of the college's operating position, its cash balances, its commercial income and its achievement of the SFC credit target. Sustainability indicators were less positive, with red flags against tonnes of waste generated and against paper consumption and print volumes. The committee agreed to highlight these areas of underperformance when reporting to the Board of Management. It noted that the Heads of ICT and eLearning were collaborating to investigate the paper consumption and print volume statistics and that their report would be available shortly.

Action: JH

The KPI on CO^2 emissions was green, with the college now benefiting from a more sophisticated energy management system that allowed areas of inefficient energy usage to be readily identified. Regarding KPIs on resource utilisation, work had commenced on an exercise to collate data on lecturer, assessor and classroom utilisation. Future reports would include output from this exercise.

Action: NM

25.08 Commercial & External Funding Update

The Assistant Principal Business Development presented the commercial and external funding update. The college was forecasting an outturn of £5.082 million against its income target of £5.040 million. Within this figure, commercial income was forecasting slightly below budget, and external funding slightly above. The estimated net contribution from commercial activity was in line with the budget of £715,000. Managers were seeking wherever possible to deliver commercial programmes with staff on the permanent establishment, rather than by employing additional temporary staff. It was estimated that 77% of staff costs to date had been met through the use of establishment staff.

Future opportunities for commercial funding were discussed, in particular the College Local Innovation Centre project, funded through the Glasgow City Region, and the work associated with the Scottish Credit and Qualification Framework's Third Party Credit Rating service.

The committee agreed that good progress was being made on the commercial programme for 2024/25, noting that the overall net contribution from commercial and external funding, at £2.918 million, was an improvement of £200,000 on the budgeted position. It also welcomed the steps being taken to optimise the use of establishment staff.

In conclusion, committee members commented on the quality of the Commercial & External Funding report, which presented the financial position much more clearly than in the past.

25.09 Annual Procurement Update

The Assistant Principal Finance & Resources presented the Annual Procurement Update for 2023/24, which the committee welcomed as a highly positive report. The college used Advanced Procurement Universities and Colleges (APUC) for collaborative purchasing and the annual benefit statement showed that Glasgow Clyde's collaborative spend accounted for 60% of its procurement costs, up from the previous year's 53%. The college's performance in this area clearly exceeded the Scottish FE sector average of 54.1%. The benefit statement calculated that savings achieved by the college through collaborative procurement were equivalent to £832,000 compared with prices paid previously, and £525,000 compared with market prices.

25.10 Financial Plan Working Group Update

The Chief Operating Officer advised the committee that the financial plan working group had completed its task, reporting to the December Board of Management. This had resulted in a strategy to address an anticipated budget deficit of over £4 million in 2025/26. Updates on progress in implementing the strategy would be presented to the Board of Management. In January, the college had opened a voluntary severance scheme and, as agreed by the Board, college managers would consider carefully how many new temporary contracts could be entered into for 2025/26. In addition, the Principal had held positive discussions with the Scottish Funding Council which had indicated Glasgow Clyde might benefit financially from SFC's current review of its funding model. It was anticipated that the first phase of the review would be reflected in college funding allocations for 2025/26.

The various elements of the financial strategy would come together in the draft budget for 2025/26 and the five-year financial forecasts. These would be brought for discussion to the next meeting of Finance & Resources Committee.

Items for Approval

25.11 Estates, Capital Expenditure and Masterplan Update

The Assistant Principal Finance & Resources spoke to the Estates, Capital Expenditure and Masterplan report. The college's estates spend was financed mainly by an SFC capital maintenance funding allocation, which was £2.968 million for 2024/25. Spending priorities were determined with reference to the 2021 building condition survey, which had estimated £9.9 million of works requiring to be undertaken in the following five years. In addition, the college was addressing two key projects; the second and final phase of window replacement at Anniesland Campus, and RAAC remedial works at Cardonald Campus. Tenders had recently been received for the RAAC works with a view to a contract being in place by 31 March. The works would be supported by a special SFC grant award of £600,000.

In addition to SFC-funded projects, the Masterplan also included the Learning Spaces project, funded by the Glasgow Clyde Education Foundation. Future versions of the Masterplan would include a fuller coverage of this project, once its scope and timescale had been determined.

The Committee approved the revised Campus Masterplan and noted that the Chief Operating Officer intended to work on a new estates strategy in the coming months. To inform that strategy, he hoped to commission a new building condition survey, an exercise for which he would seek approval in the coming months.

Action: NM

The Committee noted the risk to the college's revenue account associated with the Scottish Government's altered position on the use of capital funds for revenue maintenance. In recent years, the college had, with the Scottish Government and SFC's agreement, used a portion of its capital allocation (£811,000 in 2024/25) to fund revenue maintenance costs. SFC had recently confirmed this would continue to be allowable in 2024/25. However, the Scottish Government's position at present was that future capital allocations must be spent in full on capital works. If this position did not change, then the college might have to make additional provision for building maintenance costs within its revenue budget for 2025/26.

The chair of the committee asked if some clarification could be provided on the framework that was used to decide which capital projects should be prioritised. The Chief Operating Officer agreed to discuss this at a future committee meeting.

Action: NM

25.12 Policy Review (Policy 2.1 and Policy 2.2)

The Committee was expected by the Board of Management to undertake a three-yearly review of financial policies. Two were involved: the Financial Procedures and Budgetary Control Policy and the Treasury Management Policy.

In reviewing the text of the two policies, committee members agreed that these remained relevant. The committee therefore confirmed its approval of the policies, subject to a minor edit, intended to improve the clarity of the Treasury Management policy. The policies were scheduled to be reviewed again by the committee in March 2028.

Action: PF

Items for Noting

25.13 Climate Change Action Plan Update

The Chief Operating Officer introduced an update on the Climate Change Action Plan. The College's Race to Net Zero Commitment involved achieving net zero carbon emissions by 2050, with an interim target for 2030. The action plan had been successfully implemented to date, with annual reductions of 3% to 5%, but the net zero commitments would be challenging to achieve. The Principal noted that the investment required to decarbonise college buildings was well beyond what was affordable in the foreseeable future. It was noted that many public bodies were now revisiting the timescale for their net zero strategies, to set more realistic target dates. At present, however, no changes had been made to the timescales for the Scottish college sector.

While the overall net zero target was considered unachievable, unless substantial funding was made available, there were several areas in which good progress continued to be made. The college would soon renew its fleet of electric vehicles, with funding provided by the Glasgow Clyde Education Foundation. A Green Gown Award application had recently been drafted. A funding bid had been made for additional EV Chargers. And the terms had been agreed of a new Travel Policy which would be published soon. Finally, the Principal confirmed that the new Climate Change Action plan would be presented to the Committee in the summer.

25.14 Glasgow Clyde Education Foundation Update

The Principal spoke to the Glasgow Clyde Education Foundation (GCEF) Update.

GCEF had recently decided to wind up its activities, having provided £19.7 million of developmental funding for college projects in the last ten years. A description of GCEF's work could be found on the Foundation's legacy report, which was available on the college website (About Us/Board of Management/Publications/Other Publications). The wind-up process was expected to be concluded by mid-March 2025. Total grant funding of £19.7 million had been derived from the college's initial transfer of just £15 million to the Foundation, and reflected the success of GCEF's financial investment strategy. GCEF's decision to terminate its work at this stage had been made after receiving an assurance from the Board of Management that the college would closely monitor the use of the remaining GCEF funds held by the college.

The Principal reported on three projects (college vehicle fleet electrification; financial sustainability; and staff development) which had not yet fully spent their GCEF funding. Of these, the largest was the sustainability project which had provided £1.6 million to the college in 2024/25. In addition to these continuing projects, the college was clarifying its plans for the Student Learning Spaces project, which would involve the enhancement of spaces for independent student learning on each campus. Work would commence at Langside campus in the summer of 2025, with projects to follow at Anniesland and Cardonald. GCEF had committed £700,000 to the Learning Spaces project, and this allocation had been enhanced by a sum of £253,000, being the residual amount held by GCEF when it decided to wind up its work. All GCEF monies were now held by the college.

25.15 Strategic Risk Register – Financial Risk

The committee noted the key financial risks included in the college's strategic risk register:

- RE1: failure to manage college financial sustainability;
- RE2: implications of national bargaining;
- RE3: failure to achieve SFC credit targets and clawback of funding.

It was noted that the net risk score for RE2 and RE3 had been downgraded as a result of the recent improvement in the industrial relations climate in Scotland, and the college's success in student enrolments for session 2024/25.

25.16 Scottish Funding Council / Audit Scotland Updates

Two audit-related matters were noted. First, Audit Scotland had indicated the requirement for significant additional disclosures in the annual financial report, from 2024/25. Second, the college's external audit lead, Stuart Nugent, had been succeeded by Lisa Duffy.

25.17 Committee Schedule of Work

The Committee schedule of work was noted. The Committee asked that in the future agenda items presented by colleagues who are not committee members should be at the beginning of the agenda.

Action: JH

Date of next meeting: Wednesday 4 June 2025 at 4.30pm.