

NOTES OF THE MEETING OF THE FINANCE AND RESOURCES COMMITTEE, HELD ON 4 OCTOBER 2023 AT 4.30PM.

The meeting was held via teams.

PRESENT:

D Newall	Chair
K Sweeney	Committee Member
M Tuskova	Committee Member
J Vincent	Committee Member
M Swiderska	Committee Member

IN ATTENDANCE:

T Elliott	Assistant Principal, Finance & Infrastructure
D McDougall	Assistant Principal, International and Business Development (for Item 23.37)
K Mavor	Clerk to the Board (Minute Taker)

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23.31 WELCOME AND APOLOGIES

The Chair welcomed everyone to the meeting and there were no apologies. The Chair welcomed the two new members, Kathleen Sweeney and Martina Tuskova to the Committee. The Chair also acknowledged the contributions of former Committee members, Bill French and Lindsey Paterson to the work of the F&R Committee.

23.32 DECLARATIONS OF INTEREST

There were no declarations of interest.

23.33 MINUTES OF THE FINANCE AND RESOURCES COMMITTEE MEETING HELD ON 7 JUNE 2023

The draft minutes were approved as an accurate record of the meeting held on 7 June 2023.

23.34 MATTERS ARISING GRID

The Committee noted that there were no outstanding actions on the grid.

23.35 DRAFT PRIMARY FINANCIAL STATEMENTS FOR YEAR END 31 JULY 2023

T Elliott spoke to the draft primary financial statements for the year to 31 July 2023, the final version of which require to be approved by the Board at its 13 December meeting.

The Committee noted that, for the period from August 2022 to September 2023, the College is reporting a deficit of £560k. This is an improved position to the forecast deficit of £1,830k provided in August 2023 due to a number of significant favourable movements, details of which were provided to the Committee. The Committee welcomed the

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news of the College's improved financial position but was surprised at the scale of late movements in the forecasts. It was agreed that this was an exceptional year, but that, for future years, the Executive should aim to identify any major areas of uncertainty that had the potential to affect the financial forecast.

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T Elliott took the Committee through the Statement of Comprehensive Income and Expenditure, the Balance Sheet and the analysis accompanying the draft Financial Statements.

A discussion took place as to whether the financial statements should be prepared on a going concern basis. T Elliott explained that, as the College is a public body, going concern would only become an issue if SFC or GCRB withdrew grant funding which is not considered to be a real terms risk. T Elliott explained that auditors are more focused on the financial sustainability of colleges and narrative in respect of this will be included in the full financial statements in due course.

It was agreed that the College should discuss with professional advisors how the pension position should be recognised in the financial statements.

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 2023.

23.36 BUDGET AND COST UPDATE FOR 2023/24

T Elliott presented slides setting out the budget position for 2023/24 (as approved at the Board Development Day on 30 August) and how the favourable movements had improved the College's financial position. The Committee was pleased to note that the forecast baseline cash position for July 2024 was 14 days cash which was a much-improved position than previously reported. The two main contributing factors to the improved position were savings due to voluntary severance and a possible reduction in the employer contributions to pension (to be confirmed at a later date).

The Committee discussed the possible risk that any further reductions in teaching staff may have on reaching the credits target and the quality of the student experience. It was noted that the late notice of credit allocations and the rules that apply makes it particularly challenging for the College to plan ahead. However, J Vincent was pleased to report that the College had experienced a very high level of recruitment and retention levels were also looking more favourable.

The Committee thanked T Elliott for the update.

23.37 COMMERCIAL AND EXTERNAL FUNDING UPDATE

This item was considered earlier in the Agenda with D McDougall providing an update on commercial and external funding in two parts (i) the final report for the academic year 2022/23 and (ii) an update on the academic year 2023/24 (including up to date figures for August 2023 only)

D McDougall updated the Committee on the final position for 2022/23 where the re-forecasted budget set for 2022-23 was a combined total £2.694M (down from £3M) and the projection for surplus was reset to £897k. The final outcome for the year was £2.755M actual commercial income for 2022/23 with a net surplus of £813k.

For the 2023/24 session the budget is to achieve £3.27M in commercial income with a surplus of £1.012M (31%). This represents an increase of £270k income on the 2022-23 target and an increase of £515k on the 2022-23 actual income achieved. Commercial income to date for 2023-24 (August 2023 only) shows £469k. This is composed of £396k of commercial income plus £73k FWDF income.

Initial projections show that 68% of the planned work will be covered by permanent staff and 32% temporary staff. This represents a reversal in the normal start-of-year projections where the biggest proportion of staffing projected for commercial delivery is temporary staff (normally around the 60/40 ratio of temporary to permanent). The Committee was pleased to note the shift in balance from temporary to permanent staff and that some permanent staff were being redeployed in the commercial area.

The Committee thanked D McDougall for the update.

23.38 STRATEGIC RISK REGISTER

J Vincent spoke to this report and confirmed that the strategic risk register is considered quarterly by this Committee, Audit Committee and the Board.

There are thirteen risks in the updated Strategic Risk register of which two have a high residual risk score after mitigating actions, eight have a medium residual risk score and three have a low residual risk score.

Further details were provided about the top three risks being (i) failure to manage financial sustainability through the period of the financial plan (ii) implications of national bargaining and possible negative impact on employee relations (iii) Failure to maintain and develop appropriate accessible, dynamic, flexible learning and social spaces which is fit for purpose for teaching and learning and staff working environment. The risk regarding learning spaces has increased due to RAAC being present in some areas of Cardonald campus. J Vincent assured the Committee that the areas that pose a risk have been

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closed off. To date, neither the SFC or Scottish Government have communicated a plan with regard to the management or removal of RAAC.

The Committee thanked J Vincent for the update and noted that the risk register will be discussed in detail at the Board meeting.

ITEMS FOR NOTING

23.39 GLASGOW CLYDE EDUCATION FOUNDATION UPDATE

J Vincent provided a summary of the current projects and discussions are currently taking place about how GCEF can best assist the College and the possible delay in the learning spaces project.

23.40 AUDIT SCOTLAND REPORT: SCOTLAND'S COLLEGES

The Committee noted the contents of this report and how it set out a clear message about the challenges facing the College sector.

23.41 COMMITTEE SCHEDULE OF WORK

The Committee noted the schedule of upcoming agenda items for 2023/24.

23.42 ANY OTHER BUSINESS

There was no other business.

DATE OF NEXT MEETING

29 November 2023