

Board of Management

Meeting of the Finance Committee

MINUTE OF 3rd MEETING HELD ON WEDNESDAY 6 MARCH 2024 AT 1600 HRS (FC3) AT CITY CAMPUS, ROOM C.06.106.

Present	
Ronnie Quinn (Convener)	Paul Little (Remote)
Douglas Baillie (Remote)	Leo Subido
In attendance	
Andrew Dickson	Josh Taylor
Drew McGowan	
Alex Stewart	Ann Butcher (Minute)
Apologies for absence	
Stuart Patrick	

Item FC3-1	Apologies for Absence	
Paper No:	Lead: Convener	Action requested: Note
Decision/Noted	Apologies were received from S Patrick.	

Item FC3-2	Declarations of Interest	
Paper No:	Lead: Convener	Action requested: Note
Decision/Noted	None.	

Item FC3-3.1	Minute of Previous Meeting held on 29 November 2024	
Paper No: FC3-A	Lead: Convener	Action requested: Approve
Decision/Noted	That subject to minor amendment on page 2, the minute be approved.	
	<p>Any Other Notified Business At D Baillie's request, the Convener agreed to consider Non-profit Distributing (NPD) covenants under item 6, 'Any Other Notified Business'.</p>	

Item FC3-3.2	Refund of Course Fee Policy	
Paper No: FC3-B	Lead: A Dickson	Action requested: Approve
Discussion Matters Arising	A Dickson informed that the revised Refund of Fee Policy has been modified to address course cancellations resulting from industrial action. L Subido expressed concern about whether students would be entitled for a refund in cases of partial cancellation, such as disruptions in contact time. A Stewart clarified that, as outlined in the 'exceptional circumstances' paragraph (on	

Decision/Noted

page 6), refunds in such cases would be determined individually following a review by both the Faculty and Finance section.

The proposed modification was agreed pending a revision of the overall sentence to enhance clarity and readability. The document control and review page will also be revised to reflect the updated title of the Finance Committee.

To approve the revised Refund of Course Fee Policy, subject to agreed amendments.

Item FC3-4.1	Financial Forecast Update 2023-24	
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Paper No: FC3-C	Lead: A Dickson	Action requested: Discuss
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Discussion Matters Arising

A Dickson highlighted that the 2023-24 budget was set with an underlying operating deficit of £2 million and an associated year-end balance projection of £0.5 million. After quarter 2, the latest forecast indicates a favourable variance to budget, resulting in a reduced deficit and an increased projected year-end cash balance.

The favourable and adverse movements across both income and expenditure were highlighted. Financial planning remains uncertain, and a range of potential outcomes anticipated over the next six months, including implications for 2024-25 were highlighted. Key material sensitivities discussed included agreement on a pay award; confirmation of increases/decreases in employers' pension contributions and additional factors such as Scottish Funding Council (SFC) confirmation on the treatment of Capital Expenditure Limits and finalisation of commercial income.

Members raised several queries, all of which were addressed. The Committee expressed appreciation for the improved position and extended thanks to the Executive and Finance team for their efforts in achieving it.

It was agreed that for further clarity, a key defining each acronym used within the document would be provided in future.

Decision/Noted

- To note the update report.
- To provide a key defining acronyms.

Item FC3-4.2	SFC Report on Financial Sustainability of Colleges	
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Paper No: FC3-D	Lead: A Dickson	Action requested: Discuss
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Discussion Matters Arising

The report produced by the SFC, which provides a complete picture of the financial health of Scottish colleges based on annual accounts for academic years 2020-21 and 2021-22 and forecasts for 2022-23 to 2025-26, was tabled for discussion.

R Quinn expressed a growing concern regarding the fragility highlighted in the report. He noted that the report seemed to focus on the current financial situation without providing a strategic outlook or indications of improvement. P Little considered that the report serves as a reminder, providing evidence

	<p>that the current situation is unsustainable and emphasises the need to move towards a new tertiary funding model.</p> <p>D Baillie highlighted the need for sustainability given the future impact on staff and learners. He suggested anticipating future challenges and stressed that ongoing planning is crucial. He urged for further discussion to assess different scenarios, particularly in light of potential decreases in funding and the continued need for income from other sources, to shape the College's future effectively.</p> <p>P Little confirmed that updated scenarios would be provided at the next full Board meeting and agreed that it was crucial that these scenarios are robust, consistent and were interdependent. He also highlighted that it was important to clarify assumptions, as they may influence future decision making.</p>
Decision/Noted	<ul style="list-style-type: none"> To note the report. To submit the report at the next meeting of the full Board for noting.

Item FC3-4.3 Strategic Risk Review			
Paper No: FC3-E	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">Lead: D McGowan</td> <td style="width: 50%;">Action requested: Discuss</td> </tr> </table>	Lead: D McGowan	Action requested: Discuss
Lead: D McGowan	Action requested: Discuss		
Discussion Matters Arising	<p>D McGowan updated the Committee on the changes to risk scores proposed in the recent review including an increased risk score for SR23 (Failure to secure a sustainable model/level of funding) from 12 (Amber) to 16 (Red) and removal of SR22 (Negative impact of Brexit), which were both agreed.</p> <p>Discussion followed around SR21 (Failure to obtain funds from the City of Glasgow College Foundation) where R Quinn emphasised the importance of refining its wording to include specific reasons for fund acquisition rather than leaving it generic. D Baillie provided additional context by reminding of the Foundation's purpose, emphasising its role in managing surplus funds to enhance student experiences and learning opportunities. It was agreed that A Dickson and D McGowan would review the risk item's wording and provide an update at the next meeting.</p>		
Decision/Noted	<ul style="list-style-type: none"> To note the Strategic Risk Register and approve the recommended risk score change to SR23 and removal of SR22. That rewording of SR21 be considered and reported at the next meeting. 		

Item FC3-5.1 Financial Projection: 5 Year View			
Paper No: FC3-F	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">Lead: A Dickson</td> <td style="width: 50%;">Action requested: Note</td> </tr> </table>	Lead: A Dickson	Action requested: Note
Lead: A Dickson	Action requested: Note		
Discussion Matters Arising	<p>A Dickson reported that the key assumptions and sensitivities have remained consistent since the last report. However, an updated table illustrating the collective impact of additional commercial income alongside cost base efficiencies, leading to a return to an underlying operating surplus, was highlighted. As the exact percentage reduction in funding remains uncertain at this stage, he considered it prudent to maintain the current forecasts. An updated 5-year projection will be provided at the next meeting.</p>		
Decision/Noted	To note the report.		

Item FC3-5.2		SFC Grant Announcements	
Paper No: Verbal	Lead: A Dickson	Action requested: Note	
Discussion Matters Arising	A Dickson reminded members that the budget for 2024-25 presents a funding cut to colleges of 4.7% in revenue funding. A funding model with a focus on maintaining the learning and teaching budget at the existing level is being developed by the SFC. In order to maintain this budget, the SFC is planning to re-base student support to current spend levels. No redistribution of credits is anticipated at this stage. It is expected that initial allocations will be confirmed by the end of March with final allocations to be confirmed following the SFC Board meeting in May.		
Decision/Noted	To note the update report.		

Item FC3-5.3		Network Refresh Business Case	
Paper No: FC3-G	Lead: A Dickson	Action requested: Note	
Discussion Matters Arising	A Dickson reported that as planned, phase 1 of the project is currently published for tender with responses due by the end of this week. Given the complex financial situation the College sector faces, and the costs associated with this project, the new IT Director is reviewing all options to minimise costs. It was agreed that S Renton provide an update at the next meeting. R Quinn suggested that given the size of the project it would be good practice to include decision gates for spend. This was also agreed.		
Decision/Noted	<ul style="list-style-type: none"> • To include decision gates for spend in future. • That S Renton attend the next meeting to provide an update. 		

Item FC3-5.4		Non-Compliant Spend Report	
Paper No: FC3-H	Lead: D Fagan	Action requested: Note	
Decision/Noted	To note the Q2 Non-Compliant Spend report for 2023-24.		

Item FC3-5.5		Credits Delivery Update	
Paper No: FC3-I	Lead: M Green	Action requested: Note	
Decision/Noted	To note that the credit projection for 2023-24 of 159 000 is on track to meet the SFC Credit Target of 158 000 (100%).		

Item FC3-6		Any Other Notified Business	
Paper No: Verbal	Lead: Convener	Action requested: Note	
Decision/Noted	<p>NPD Covenant</p> <p>While acknowledging the Scottish Government's commitment to repayment of the NPD contract, D Baillie emphasised the importance of understanding</p>		



the NPD covenant and any potential consequences in the event of a breach. It was agreed that an update paper would be provided at the next meeting.

Item FC3-7		Disclosability of Papers	
Paper No: Verbal	Lead: D McGowan	Action requested: Note	
Decision/Noted	That the disclosability status of papers as described on respective cover sheets be retained.		

Item FC3-8		Date of Next Meeting	
Paper No: Verbal	Lead: Convener	Action requested: Note	
Decision/Noted	Wednesday 5 June 2024		

The meeting closed at 1715 hours.

ANNEX TO THE MINUTE

ACTION POINTS ARISING FROM THE MEETING

Item	Description	Owner	Target Date
FC3-4.1 06 03 24	Financial Forecast Updates: Provide key defining acronyms.	AD/AS	Ongoing
FC3-4.2 06 03 24	SFC Report on Financial Sustainability of Colleges: Submit for noting at the full Board meeting.	AD	BoM Mtg 27 03 24
FC3-4.3 06 03 24	Strategic Risk Review: Reword SR21.	AD/DM	FC Mtg 05 06 24
FC3-5.3 06 03 24	Network Refresh Business Case: Include decision gates.	SR/AD	Ongoing
FC3-5.3 06 03 24	Network Refresh Business Case: S Renton to provide update at next meeting.	SR/AD	FC Mtg 05 06 24
FC3-6 06 03 24	AONB NPD Covenant: Provide update paper at next meeting.	AD	FC Mtg 05 06 24

ACTION POINTS ARISING FROM THE PREVIOUS MEETING

Item	Description	Owner	Target Date
FC2-3.2 29 11 23	Annual Report and Accounts 2022-23: Subject to agreed amendments, the report be submitted for final approval by the Board.	DM/AD	14 12 23 Complete
FC2-3.4 29 11 23	Network Refresh Business Case: That an update on progress be provided.	AD	Ongoing Complete
FC2-3.5 29 11 23	College Course Fees 2024-24: Submit updated Refund of Course Fee Policy.	AD	06 03 24 Complete
FC2-4.2 29 11 23	Financial Projection: 5-Year View: Provide update at next meeting.	AD	06 03 24 Complete
FC2-4.3 29 11 23	Strategic Risk Review: That SR22 be reviewed in the next quarterly review.	PL/AD/MC/ DM	Next review Complete
FPRC4-4.3 31 05 23	COB Business Case Update: Seek to retain overage payment from the SFC.	AD	Ongoing Complete