

Board of Management Finance & Physical Resources Committee

Date of Meeting	Wednesday 27 September 2017
Paper No.	FPRC1-B
Agenda Item	4
Subject of Paper	Committee Annual Report 2016-17
FOISA Status	Disclosable
Primary Contact	Paul Clark, College Secretary/Planning
Date of production	September 2017
Action	For Approval

1. Recommendations

1. To review the Committee Annual Report 2016-17
2. To approve the report (for noting by the Board) subject to any agreed changes.

2. Purpose of report

2.1 To provide the Committee and the Board with a high-level review of the activities of the Committee throughout 2016-17 within the framework of the Committee's Terms of Reference.

3. Context

3.1 In May 2014 the Audit Committee agreed to a recommendation from the Internal Auditor to prepare "an annual report...for each sub-committee and that this is used as the basis for the preparation of the annual report for the full Board" (Ref. paper AC4-F, May 2014: "Internal Audit Report - Risk Management and Governance").

3.2 Referencing the Committee Terms of Reference, the summary schedule of work of the Committee for 2016-17, and the considerations and discussions undertaken by the Committee through the session, the attached report provides a summary report of the Committee's activities.

3.3 The benefits of such a review include the following:

- It provides a reference for progress and achievement, and an accessible update on the Committee's recent and current areas of focus, within the parameters of the Committee's areas of responsibilities. This is of value to new Committee members, other Board members, and other stakeholders.
- It provides a sound basis for the development of a College Annual Report, ensuring a robust governance framework and perspective for reportage.
- It reflects good governance practice.
- It facilitates reflection, vigilance, effectiveness and performance improvement, thereby supporting the College's Strategic Aims 5 and 6 - "To deliver excellence in performance", and "To be efficient, effective, innovating, and vigilant".¹

4. Impact and implications

4.1 The review process comprises a thorough review of the Committees activities in the previous academic session, informing strategic direction, and facilitating development, performance monitoring, and improvement.

¹ City of Glasgow College Strategic Plan 2017-25

4.2 It will provide further reassurance to the Board and its stakeholders, including the Regional Board, that the City of Glasgow College systems of governance review are robust, and delivered to a high standard.

Appendices:

Appendix 1: Finance & Physical Resources Committee Annual Report 2016-17.

FINANCE AND PHYSICAL RESOURCES COMMITTEE

CONVENER: Karen Kelly

VICE CONVENER: Stuart Patrick

MEMBERS: Prof. Tracey Howe, Principal Paul Little, Lesley Woolfries, Robert Morrison

Annual Report 2016-17

Introduction

The remit of the Finance and Physical Resources Committee falls into two principal areas, as its name suggests – broadly financial, and also those relating to the College estate.

The Committee therefore undertakes the Board of Management’s constitutional delegation in financial matters, and specifically the duties of oversight assigned to the Committee on the Financial Regulations. The Committee is also expected to provide the Board with advice on significant financial matters, and to review approve and monitor financial plans, strategies and plans. Any recommendations emerging from this oversight is then made via the Committee to the Board of Management. The Committee receives and approves the annual budget and final accounts for recommendation to the Board. The Committee also receives and considers advice from advisory committees on major items of capital expenditure.

In terms of its responsibilities for physical resources, the Committee carries out its delegation in all matters relating to the College’s estate, property and facilities, including the discharge of the Board’s responsibilities for land and assets, in consultation with the Scottish Funding Council and Glasgow Colleges’ Regional Board as appropriate.

As with financial matters, the Committee will provide the Board with advice and recommendations relating to estate, property, and facilities, and related strategies, plans, and reports.

In addition, the Committee considers health and safety matters where these relate to the College’s operations within its estates and facilities, and reports as necessary to the Board.

The Committee was pleased to oversee a delivery of TBC% over grant target activity in 2016-17, while recognising that continued achievement of targets, and financial sustainability, in current and future years, would require continued strategic development and innovation.

Review of 2016-17

Standing Items

The priorities of the Committee throughout 2015-16 were represented in the Committee's agenda standing items through the session, which were:

- NPD Delivery Report (i.e. New Campus Development under the Non-profit Distribution Model)
- Property Disposals Update
- Facilities Management Report
- ICT Progress Report
- SFC Resource Returns 2015-16 and 2016-17
- Budget Control Report
- Cash Flow Report
- Treasury Management Report
- Departmental Expenditure Limit update (twice per year)
- Credits Update (relates to a major strategic risk with dependencies upon SFC, Glasgow Colleges' Regional Board and Glasgow Colleges' agreement)
- Health and Safety Report
- Strategic Risk Review (every second meeting)

Financial Plans 2016-17 and 2017-18

The Committee reviewed drafts of the 2016-17 Financial Plan, with a particular emphasis on considering the measures required to achieve a balanced budget by the financial year end, this being a condition of the Committee's approval of the budget. A wide range of contributory factors were considered to establish a clear risk profile of the College's budgetary position. It was recognised that 2016-17 was the first year of operation under the new FRS 102 accounting standard.

The financial budget plan for the period 1 August 2017 to 31 July 2018 was submitted. However the Committee refrained from approving this budget due to the projected deficit, and required a revised plan to be submitted to the Board with a balanced budget. This was subsequently achieved.

Long Term Financial Planning

Following Audit Scotland's agreed recommendation to set long term financial plans for a period of 5 years, the Committee considered a series of scenarios, including optimistic, realistic, and pessimistic planning projections.

Performance Monitoring

As indicated above, Budgetary Control, Cash Flow, and Treasury Management Reports were all standing items on the Committee's Agenda. These reports provided the Committee with regular summaries of Income and Expenditure Accounts, Balance Sheets, and monthly cash balances throughout the session, while the College's investment strategy and performance

was regularly updated via Treasury Management Reports. An updated Treasury Management Policy reflecting changes in banking service provision and minor updates to dates and job titles was submitted and approved.

Course Fees and Student Accommodation Charges

The Committee agreed an increase of 2.5% in recognition of the general economic climate, inflation and College costs, taking account of potential impact on student recruitment, which was expected to be minimal. It was noted that within the SFC main grant, full time fees for 2017-18 will be likely to remain at the 2016-17 rates. Similarly, a 2.5% increase to student accommodation charges at St Luke's and the Thistle St building was approved.

Procurement Strategy and Policy

The Committee provided oversight of the development of a Procurement Strategy for the College, in line with legislative requirements. The strategy is reviewed on a regional basis via the Regional Strategy Team. In December 2016, an audit of procurement was undertaken under the Procurement and Commercial Improvement Plan, for which the College achieved the gold standard. The College's Procurement Policy was recognized as representing best practice within the sector, and following review by the Sustainability Strategy Working Group and SMT, was approved by the Committee.

Annual Report and Accounts 2015-16

The Committee reviewed the College Annual Report and Accounts for 2015-16 prior to final Board approval. As well as the formal Financial Statements, the Report also included examples of student, staff and College successes. The Report was reviewed by the College's external auditor to ensure compliance with audit practices, and in line with the new financial reporting standard as outlined above.

New Campus Delivery Report

The Committee received reports at each meeting on the progress of delivery of the new campus project under the NPD (Non-Profit Distributing) model. This reportage covered a full range of themes from budget and timetable considerations, to community benefits, health and safety, completion certification, environmental standards (BREEAM), risk, and contingencies. This reportage also included updates on demolition and landscaping works undertaken at the former Townhead campus site, as well as post-occupancy evaluations and reports for Riverside and City Campuses.

The Committee noted the establishment of the new role of NPD Contract Compliance Manager.

Property Disposals

The Committee also received reports on the status of the legacy property disposals programme, with sale completion of most former college buildings completed. The more complex sales involved the threat of a claim of title involving one former building, for which

legal assistance was obtained and indemnities secured, and ongoing discussions with a prospective buyer/developer regarding another major property of the College. The College was assisted in this disposal process by Ryden (Property Agents and Chartered Surveyors) and the Committee convened a special meeting to receive an appraisal report from Ryden in connection with the complex disposal of this significant property. This involved the management of an ambitious project proposal, and legal assistance with contractual adjustments and financial securities.

Facilities Management Reports

The Committee discussed reports on Facilities Management, to a level of detail agreed by the Committee as satisfactory. This included consideration and oversight of contract management staffing structure, building defect management – snags and derogations, fuel/energy consumption and energy saving initiatives. The Committee also noted a report on the Student Halls of Residence operations, which identified the sale of the property to new owners, the lease arrangements for St Luke's residences, the ongoing cost to the College of these arrangements, and associated liabilities and risk.

ICT Delivery

The Committee were provided with reports on the development and maintenance of ICT delivery, and were advised that a new Systems Integration Strategy had been drafted for future consideration by the Committee.

Health and Safety

The Committee agreed and provided oversight of a new reporting format for Health and Safety, which involved regular reports to SMT, a quarterly report to the Committee, and an Annual Report to the Board of Management. These reports are set out under several key headings, and include a running total and comparative data over time relating to accidents and incidents within College premises. RIDDOR (reportable accidents/incidents) are included. The Committee noted the appointment of a new Health and Safety Compliance Manager during session 2016-17.

Strategic Risk Review

The Committee maintained an oversight of the strategic risks linked to the principal responsibilities of the Committee, with regular reviews of the updated Management Action Plans relating to these risks, and the College's Risk Register. All significant changes to risk assessment or management were highlighted and discussed by the Committee. Among the highest scoring risks within the Committee's purview were those associated with a failure to agree a sustainable level of grant-funded activity within the Regional funding methodology, failure to maximise income via diversification, and the negative impact of industrial action.

Committee Terms of Reference

The Committee reviewed and revised its Terms of Reference for approval by the Board of Management.

Committee Membership and Attendance

Finance and Physical Resource Committee Attendance				
Year	No. of Meetings	Total Possible Attendances	Total Actual Attendances	Percentage Attendance
2015-16	5	30	27	90%
2016-17	6	34	26	76%

The Committee was delighted to welcome new members Stuart Patrick (Chief Executive of Glasgow Chamber of Commerce) who took the position of Committee Vice-Convenor, Professor Tracey Howe (Chair in Rehabilitation Sciences at Glasgow Caledonian University) completing a highly skilled and experienced team under the new Convenership of Karen Kelly, former Head of Financial Services and Head of Corporate Programmes at City of Edinburgh Council.

Appendix 1:

Finance and Physical Resources Committee

Terms of Reference

1. To carry out the Board of Management's constitutional delegation in financial matters, and in all matters relating to the College's estate, property and facilities, including ensuring the discharge of the Board's responsibilities for land and assets transferred to and vested in it.
2. To carry out the oversight duties assigned to the Committee in the Financial Regulations ensuring, on an annual basis, that these are fully compliant with the Financial Memorandum.
3. To provide advice to the Board of Management on all significant matters related to the College's finances, estate, property and facilities.
4. To review, approve and monitor the implementation of the College's financial and estates strategies and associated plans, and to submit appropriate reports and recommendations to the Board on these strategies and plans.
5. To receive and approve the annual budget and final accounts for recommendation to the Board.
6. To receive and approve applications to the College and Sector Foundations.
7. To receive and consider advice from advisory committees on major items of capital expenditure.
8. To receive and discuss health and safety reports of the College's operation where these relate to the estate and facilities, and to report on these to the Board of Management.
9. To receive and discuss College procurement reports
10. To consider as necessary any relevant matters requiring attention which are not included in the terms of reference of other Committees of the Board.