

Board of Management

Finance & Physical Resources Meeting

Date of Meeting	Wednesday 1 December 2021
Paper No.	FPRC2-O
Agenda Item	5.2
Subject of Paper	Sector Financial Benchmarking
FOISA Status	Disclosable
Primary Contact	Mark Drummond – Finance Director
Date of production	24 November 2021
Action	For Noting

1. Recommendations

The committee to note the extracts provided of sector financial benchmarking analysis.

2. Purpose

The purpose of this paper is to provide Committee with a snapshot of key financial trends of the sector. As an initial presentation only the three Glasgow colleges (City, Clyde and Kelvin) have been provided as comparator institutions, using the publicly available accounts to 2019/20.

A further analysis shall be undertaken following publication of the 2020/21 financial statements, to evaluate the full-year impact of the pandemic across the sector as a whole.

3. Key Insights

Underling Operating Surplus/(Deficit):

1. City achieved sustained and comparably favourable underlying operating surpluses in the reporting periods immediately prior to the pandemic.
2. City was most adversely impacted by immediate effects of the pandemic in 2019/20.

Year-end cash/bank balance:

3. City maintained a prudent level of cash reserves in comparison with size, to sustain and absorb unforeseen adverse impacts.
4. Clyde obtained an immediate windfall from the emergency additional Covid-19 funding provided to the sector in 2019/20.

Non-SFC Income:

5. In both absolute and relative terms City is successful in generating non-SFC income.
6. However, this reduced into 2018/19 to the pandemic, and have been adversely impacted even further into 2019/20 within the significant negative effects of the pandemic.

Staff to non-Staff ratio:

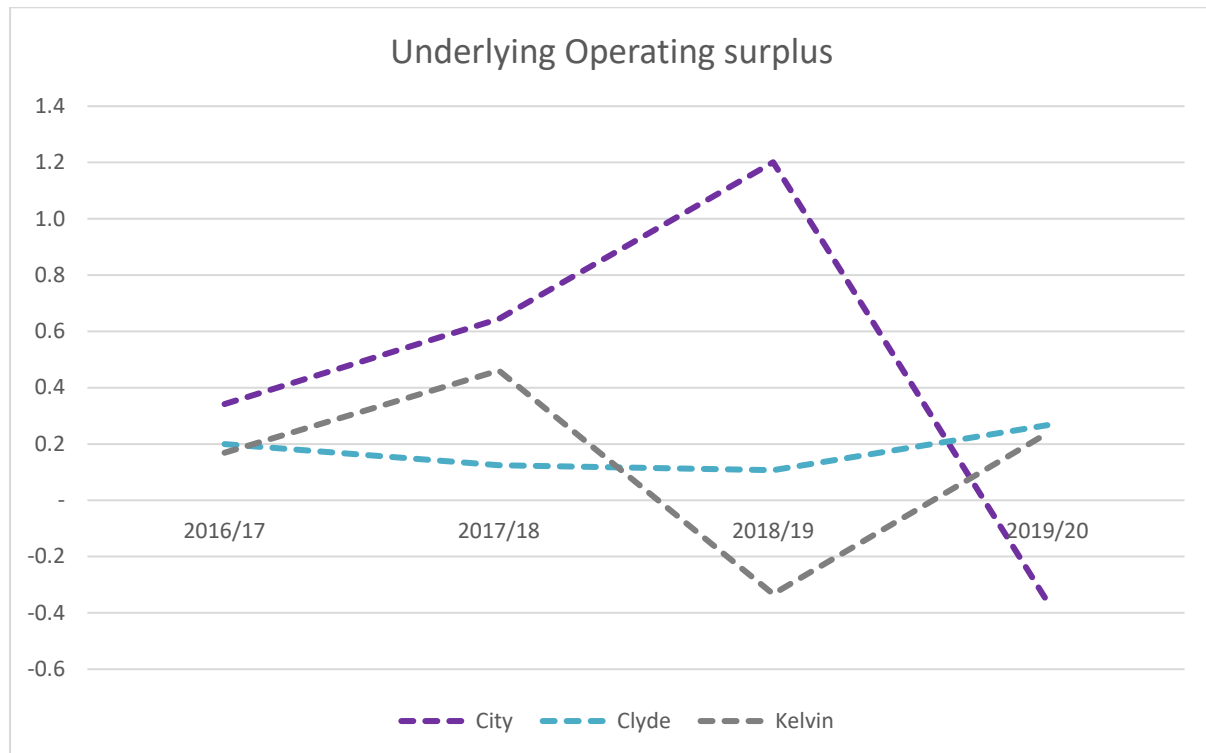
7. Staff costs are by far the largest proportion of costs across the sector.
8. City had been successful in growing income ahead of rising staff costs in period 2016/17 – 2018/19.
9. However, immediate effects of the pandemic had greatest adverse impact on this key ratio.

Capital Investment / Asset Addition:

10. Since relocation to new campuses, investment in City's asset-base has been well below others.
11. Capital funding dramatically reduced in 2019/20 as all College's responded to the earliest impacts of the pandemic: planned projects were delayed or cancelled and available funding was redirected to securing short-term liquidity. City allocated almost all of the 2019/20 Capital Grant to funding the Unitary Charge.

Appendices (to follow)

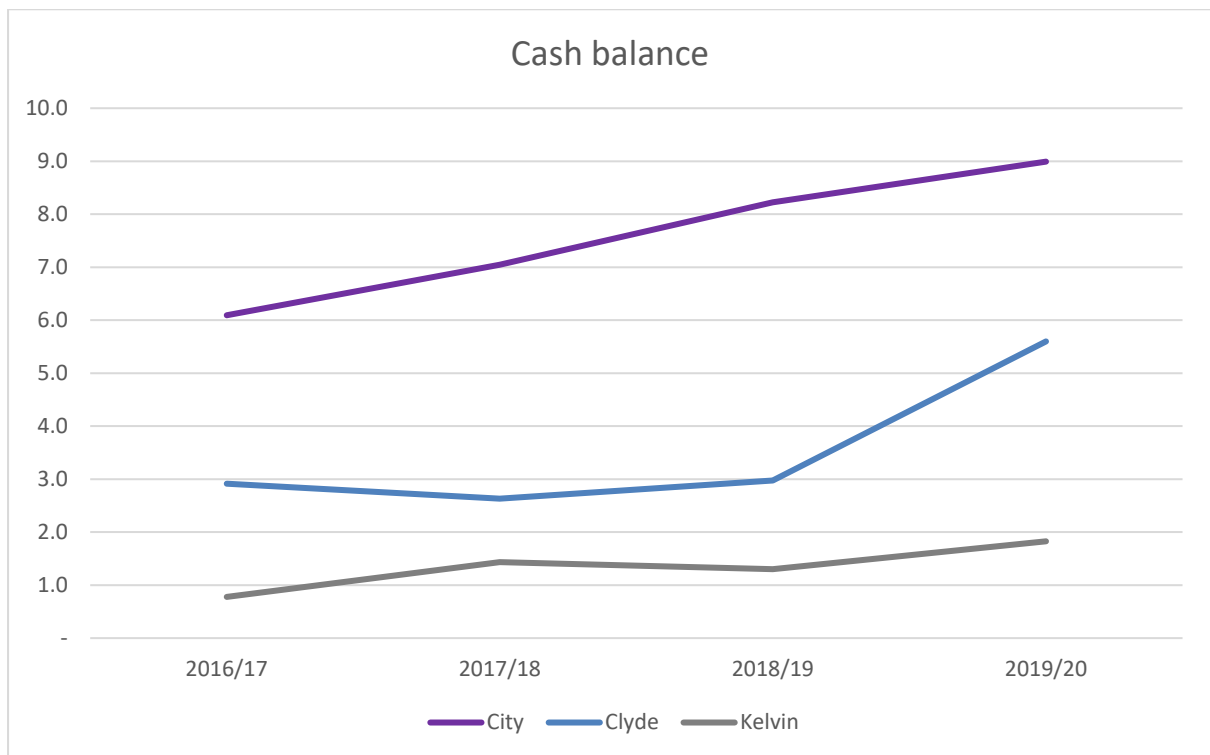
1. Underling Operating Surplus/(Deficit) over time



Headline observations:

1. City achieved sustained and comparably favourable underlying operating surpluses in the reporting periods immediately prior to the pandemic.
2. City was most adversely impacted by immediate effects of the pandemic in 2019/20.

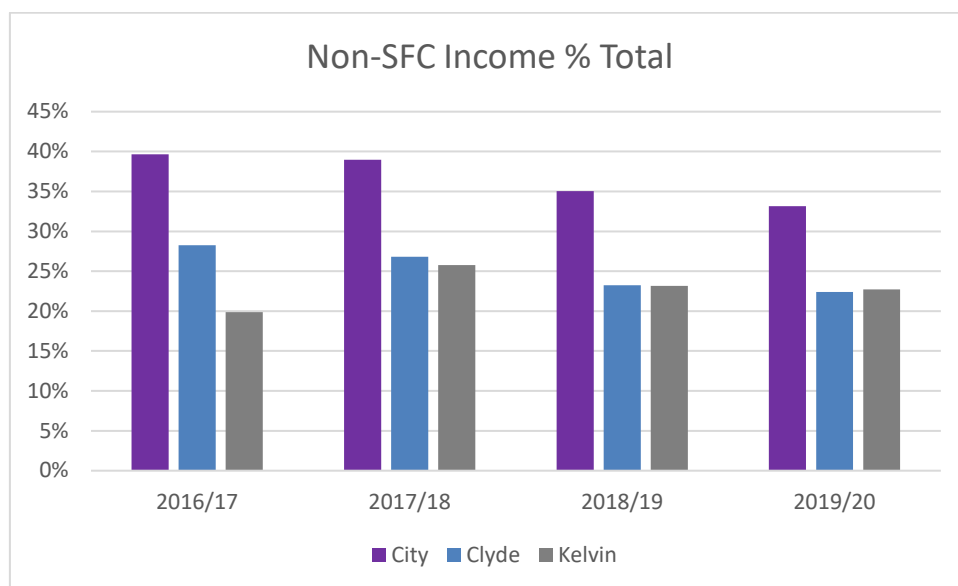
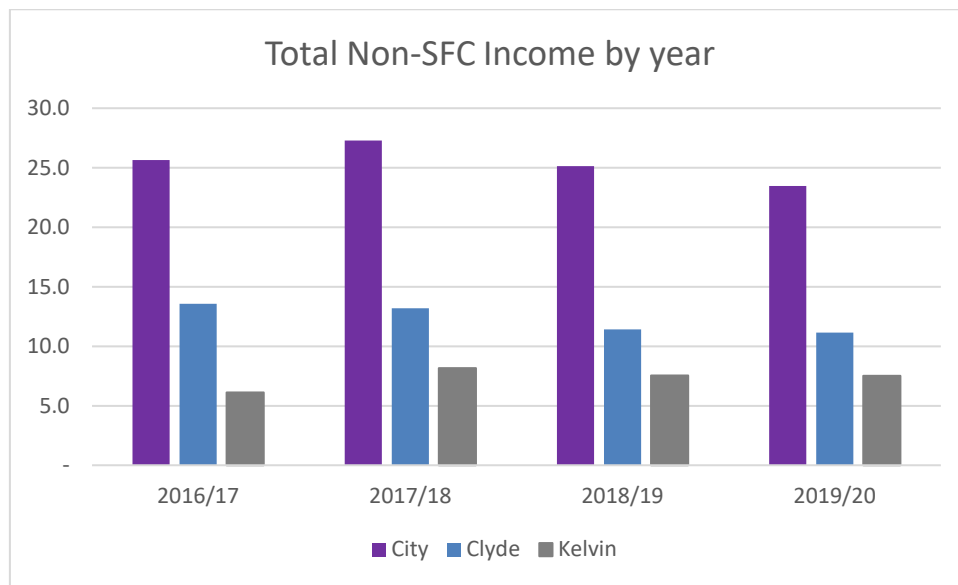
2. Year-end Cash balance over time



Headline observations:

3. City maintained a prudent level of cash reserves in comparison with size, to sustain and absorb unforeseen adverse impacts.
4. Clyde obtained a significant improvement to their cash position in 2019/20.

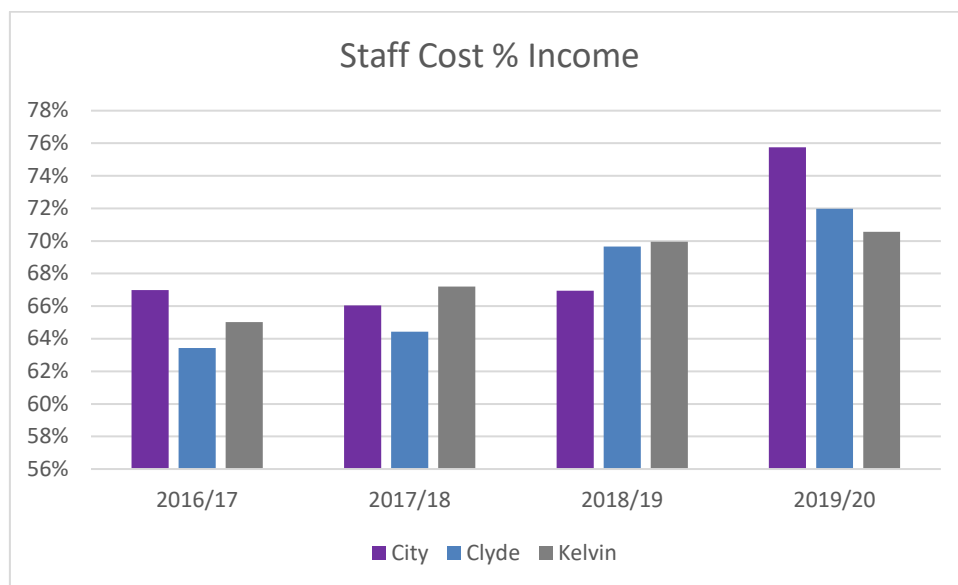
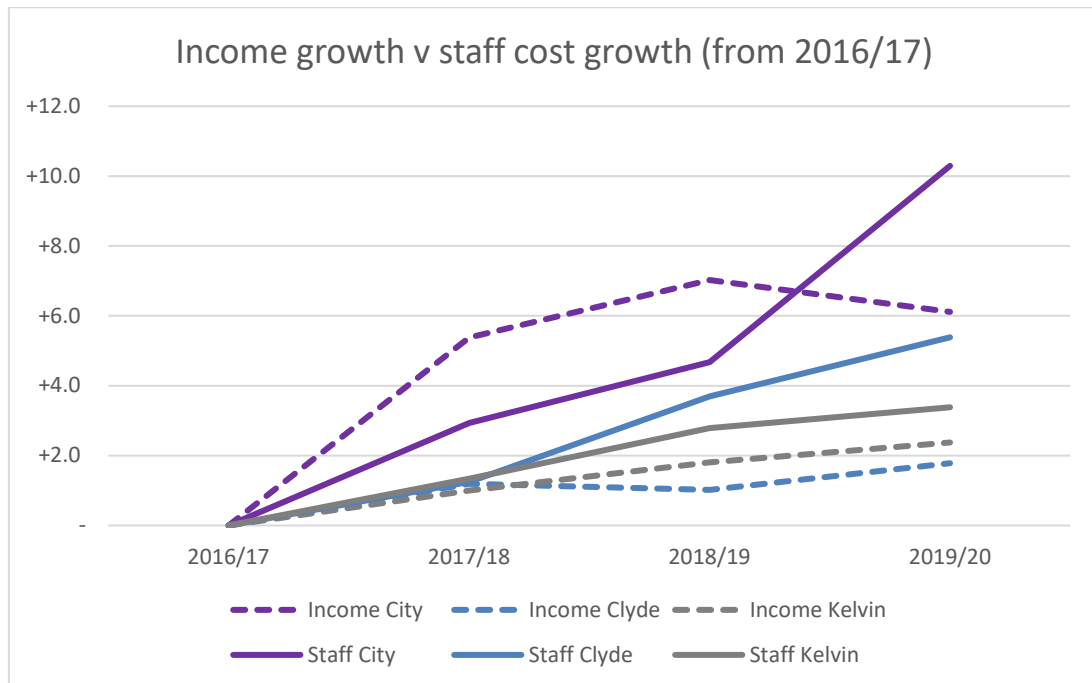
3. Non-SFC Income



Headline observations:

5. In both absolute and relative terms City is successful in generating non-SFC income.
6. However, this reduced into 2018/19 to the pandemic, and have been adversely impacted even further into 2019/20 within the significant negative effects of the pandemic.

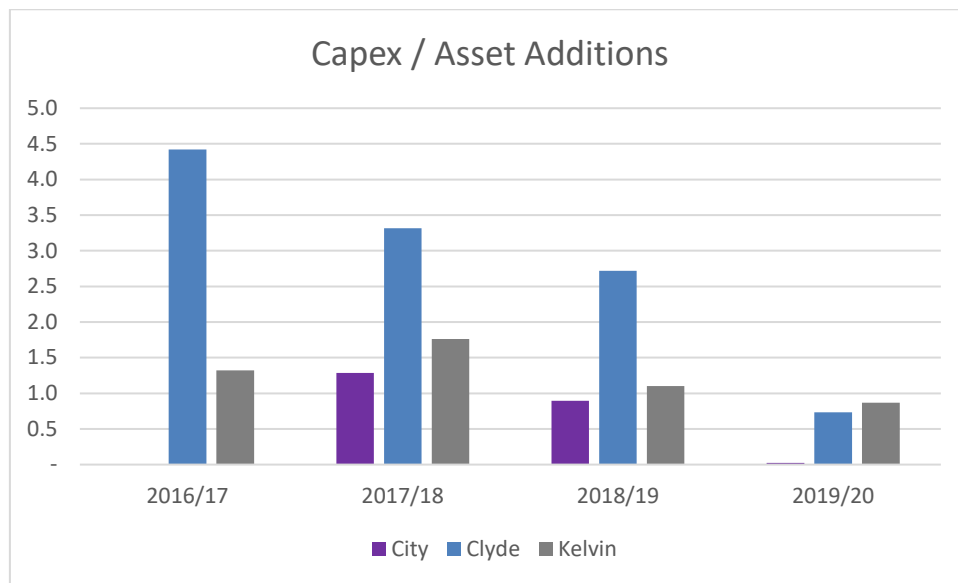
4. Staff to Income



Headline observations:

7. Staff costs are by far the largest proportion of costs across the sector.
8. City had been successful in growing income ahead of rising staff costs in period 2016/17 – 2018/19.
9. However, immediate effects of the pandemic had greatest adverse impact on this key ratio.

5. Capital Investment / Asset Addition



Headline observations:

10. Since relocation to new campuses, investment in City's asset-base has been well below others (NB: 2016/17 showing nil asset additional for City, as all capital expenditure was included within campus relocation project).
11. Capital funding dramatically reduced in 2019/20 as all College's responded to the earliest impacts of the pandemic: planned projects were delayed or cancelled and available funding was redirected to securing short-term liquidity. City allocated almost all of the 2019/20 Capital Grant to funding the Unitary Charge.