

Board of Management Finance Committee

Date of Meeting	11 September 2024
Paper No.	FC1-B
Agenda Item	3.2
Subject of Paper	Finance Committee Annual Report 2023-24
FOISA Status	Disclosable
Primary Contact	Drew McGowan Associate Director of Governance and Risk
Date of production	8 August 2024
Action	For Approval

1. Recommendations

- 1.1. To review the Finance Committee annual report for the 2023-24 academic year and approve it for tabling at the Board of Management for noting.

2. Purpose

- 2.1. To provide the Committee and the Board of Management with a high-level review of the Committee's business throughout the most recent academic year.

3. Consultation

- 3.1. Members are asked to discuss the Committee's annual report and, subject to any changes, approve the paper for tabling at the Board of Management's next meeting for noting.

4. Key Insights

- 4.1. Since 2014-15, following an internal audit recommendation, the Board of Management has established the practice of preparing an annual report for each committee. Annual committee reports are tabled early in the academic year.
- 4.2. The annual reports provide a high-level review and record of the Committee's deliberations and decision-making which can be used by members to reflect on the year, as well as to inform other stakeholders. In addition to the regular publication of Board and committee minutes and papers, annual committee reports demonstrate the College's commitment to openness and transparency.
- 4.3. All of the annual reports prepared for the committees will be used as a basis for the drafting of the College's annual report, in line with the original internal audit recommendation.

5. Impact and Implications

- 5.1. Annual committee reports are one aspect of the Board's established practices that aim to provide assurance to the College's students, staff and other stakeholders, including the Regional Board, that our systems of governance, effectiveness and accountability remain robust and delivered to a high standard.

Appendices:

Appendix 1: The Finance Committee Annual Report 2023-24

Finance Committee Annual Report 2023-24

Introduction

1. The Finance Committee is responsible for overseeing the College's finance, procurement, estates and facilities functions. The Committee assures the Board of Management that the College has appropriate budgets, controls, plans and strategies in place to support financial stability and sustainability.
2. In June 2023, the Board of Management approved a new structure and Terms of Reference for its committees. From the 2023-24 academic year, the Committee was retitled "Finance Committee" and responsibility for estates, facilities, IT and health and safety was assumed by the People & Culture Committee. New developments to the College's campus or property are now considered by the Development Committee.
3. R Quinn convened the Committee and its membership consisted of D Baillie, P Little, L Subido and S Patrick.

Committee Business

4. During this academic year, four meetings of the Committee were held to consider the work and priorities of the College within its remit. Members received reports and presentations from the Executive Leadership Team (ELT) and Senior Management Team (SMT), as well as other members of staff. A summary of key issues and business of note is enclosed below.

Financial Sustainability of the College and Sector

5. The Committee continued to consider the formidable multi-year financial and funding challenges impacting the College and the sector. These challenges result from the impact of Brexit, the Coronavirus pandemic, inflationary cost pressures and cash-flat funding. The Scottish Government's funding of the sector reduced by 8.5% in real terms between 2021-22 and 2023-24, with a further reduction of 4.7% in 2024-25.
6. The Scottish Funding Council's (SFC) report on the financial sustainability of colleges, published in January 2024, was discussed by the Committee. The SFC described the sector as continuing to operate in a tight fiscal environment, reported that the financial position of colleges is deteriorating and forecasted that adjusted operating deficits will continue over the next three years. The report also highlighted that colleges remain highly reliant on the SFC grant and that staff costs, which are increasing, continue to be the largest element of college expenditure.
7. At the beginning of the academic year, the Depute Principal and the Vice Principal of People & Corporate Support delivered a report for the Committee on the progress of savings and improvements made through organisational change to address the College's financial position. The Chief Financial Officer also prepared five-year financial projections for the Committee throughout the year, in addition to scenario planning discussed by the ELT and the Board at the Strategic Planning Day in November 2023, which forecasted that the College would return to an underlying operating surplus in 2025-26.

Draft Budget

8. The Chief Financial Officer presented the College's draft budget for 2024-25 for the Committee's review in June 2024. He highlighted that the College's projected deficit was previously £1.8 million and confirmed that it was now anticipated to be a £0.5 million deficit. Members welcomed the recent progress that has been made in improving the College's financial position and paid tribute to staff for achieving this result. The Committee agreed to recommend the College's draft budget for 2024-25 to the Board of Management for final approval, which was subsequently issued in June 2024.

Capital Expenditure

9. The Financial Controller presented the College's draft capital expenditure plan for 2024-25 in June 2024. She advised the Committee that the expenditure is planned and prioritised with the College's faculties and directorates over four academic years. It was also highlighted that the College's anticipated replacement needs outstrip the capital and maintenance grant allocated by the SFC and that an application to the City of Glasgow College Foundation would therefore be required. The Committee approved the recommended £2 million of capital expenditure for 2024-25 and noted that the plan will be reviewed annually. Members also approved the investment of £1.8 million in additional simulator provision for the Nautical & STEM Faculty.

Annual Report and Accounts

10. Following consideration at the Audit & Assurance Committee, the Chief Financial Officer and the Associate Director of Governance and Risk presented the Annual Report and Accounts 2022-23 to members for review. The Committee recommended the Annual Report and Accounts to the Board of Management for final approval. From 2024-25, the Audit & Assurance Committee and the Finance Committee will hold a joint meeting to consider the Annual Report and Accounts together.

Procurement

11. The Associate Director of Procurement tabled the College's Annual Procurement Report for 2022-23 for the Committee's approval for publication. Before issuing their approval, members described it as a comprehensive report which demonstrates that the College has a robust system of governance in place and expressed their commendation for the efforts of the Procurement department.

Risk Management

12. Members regularly reviewed the Strategic Risk Register and Management Action Plans (MAPs) for those risks within the remit of the Committee, recommending any changes to the Board for final approval. Risks are rated low, medium, high or critical.
13. While significant improvements in the College's financial position have been achieved in recent years, the risk of a failure to achieve an operating surplus (SR19) continued to be rated as a critical risk. This is the only entry on the Strategic Risk Register with this rating. Risks on the failure to secure a sustainable model and level of funding (SR23) and to secure sufficient capital investment were rated as high risks due to the challenges outlined in paragraphs 5, 6 and 9.

Members' Attendance

14. The attendance of members of the Committee for this academic session, and the previous four academic years, is as follows:

Year	No. of Meetings	Possible Attendances	Actual Attendances	Percentage Attendance
2019-20	4	28	19	79%
2020-21	4	28	21	75%
2021-22	5	28	22	79%
2022-23	4	20	16	80%
2023-24	4	20	14	70%

Review

15. The Board of Management's committees review their Terms of Reference annually, recommending any changes to the Board for approval. This is an opportunity for members of the Committee to reflect on the purpose, remit, business, membership and meetings at the end of the academic year with the next session in mind. No material changes were requested by the Committee in 2023-24.