Finance Committee

Date of Meeting	**17 September 2025**
Paper No.	**FC1-B**
Agenda Item	**3.2**
Subject of Paper	**Finance Committee Annual Report**
FOISA Status	**Disclosable**
Primary Contact	**Drew McGowan** **Associate Director of Governance and Risk**
Date of production	**21 August 2025**
Action	**For Decision**

1. Recommendations

1.1. To review the Finance Committee annual report for the 2024-25 academic year and approve it for tabling at the Board of Management for noting.

2. Consultation

2.1. 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.

3. Key Insights

3.1. 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.

3.2. 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.

3.3. 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.

4. Impact and Implications

4.1. 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 Scottish Funding Council, that our systems of governance, effectiveness and accountability remain robust and delivered to a high standard

Appendix 1: Committee Annual Report 2024-25

Finance Committee Annual Report 2024-25

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. R Quinn convened the Committee and its membership consisted of D Baillie, L Heggie, P Little and P Vaker. Ahead of R Quinn stepping down before the end of the academic year, the Committee appointed L Heggie as the Convener.

3. 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 Chief Financial Officer (CFO), Financial Controller, Associate Director of Governance & Risk, Associate Director of Procurement and other members of staff. A summary of key issues and business of note is enclosed below.

Annual Report and Accounts

4. At the first joint meeting of the Audit & Assurance Committee and Finance Committee, held in November 2024, the CFO and the Associate Director of Governance and Risk presented the draft Annual Report and Accounts for 2023-24. After consideration, the Joint Committee agreed to recommend the Annual Report and Accounts to the Board of Management, which issued final approval in December 2024.

5. During the joint session, members expressed concern about the Scottish Funding Council's (SFC) Accounts Direction for 2023-24 being issued late and subsequently amended to include a contingent liability for the national job evaluation for support staff. Members agreed that the conveners, P Hillard and R Quinn, would write to the Chair of the SFC to express their concern about the process that was followed and the unsatisfactory outcome, and seek assurances that action would be taken to avoid this happening again.

6. In their response, the SFC acknowledged the concerns raised, emphasised the exceptional circumstances and provided an assurance that future changes would be implemented on a more timely basis.

Draft Budget

7. The CFO presented the College's draft budget for 2025-26 for the Committee's review in June 2025. Acknowledging significant progress to date and the challenging environment in which the College operates, he recommended the approval of a budget with a planned, manageable deficit of £172,000 for the next academic year.

8. Members noted that the SFC's new funding model had resulted in reductions in core funding for the College, and the Scottish Government had confirmed it would fund only 47% of the increase in National Insurance (NI) contributions which was lower than expected. Following a discussion, during which it was expressed that efficiencies could be made throughout the year to reduce the deficit, the Committee agreed to

recommend the budget for 2025-26 to the Board of Management for final approval. The Board issued this approval in June 2025.

Capital Expenditure

9. The Financial Controller presented the College's draft capital expenditure plan for 2025-26 in March 2025. She advised the Committee that the expenditure is planned and prioritised with the College's faculties and directorates over four academic years.

10. As in previous years, it was highlighted to the Committee that the College's anticipated replacement needs outstrip the capital and maintenance grant allocation by the SFC and that applications to the City of Glasgow College Foundation would therefore be required for capital expenditure plans.

11. The Committee approved the recommended £2.8 million of capital expenditure for 2025-26 and noted that the four-year plan will be reviewed annually.

Financial Projections

12. Five-year financial projections were provided to the Committee throughout the year. The CFO advised members that the College would continue to face ongoing financial challenges in the coming years due to continued flat cash funding settlements coupled with inflationary cost pressures and increases in staff costs and pension/NI contributions. The Committee acknowledged the challenges and welcomed that plans were in place to return the College to a surplus budget position from 2026-27 onwards.

Procurement

13. The Associate Director of Procurement tabled the Annual Procurement Report for 2023-24 for the Committee's approval for publication. Members welcomed the report, particularly the achievement of zero non-compliant spend and the community benefits secured through contracts, and noted the new section on climate change. The Committee approved the report for publication.

Asset Management

14. The Committee reviewed and approved the new Asset Management Policy tabled by the Associate Director of Procurement in November 2024. This new policy, along with the accompanying procedure, is part of developing a systematic and transparent approach to managing the College's assets.

Risk Management

15. The Committee regularly reviewed the Strategic Risk Register and Management Action Plans for those risks within its remit throughout the academic year, recommending any changes to the Board for final approval. Risks are rated low, medium, high or critical.

    - **SR19 – Operating Surplus:** This risk was downgraded from a critical rating as the College achieved a modest surplus in 2023-24; however, it retained a high rating throughout the year as a deficit was budgeted for 2024-25 and 2025-26. Forecasts throughout the year showed improvements in the College's financial position.

- **SR23 – Funding Model:** This risk has retained a high rating since January 2024. Given that early indications are that the SFC's new funding model will not benefit the College as hoped, it is anticipated that this risk score will increase but the rating will remain high early in the new academic year.
- **SR24 – Capital Investment:** This risk has been rated high over two academic years. While the capital and maintenance grant has been increased for 2025-26, as outlined in paragraph 10, the College's needs continue to outstrip this funding and rely on the diminishing funds within the Foundation to support capital expenditure.

Members' Attendance

16. 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
2020-21	4	28	21	75%
2021-22	5	28	22	79%
2022-23	4	20	16	80%
2023-24	4	20	14	70%
2024-25	4	20	15	75%

Review

17. Committees review their Terms of Reference annually, recommending any changes to the Board for approval. This is an opportunity for members of committees to reflect on their purpose, remit, business, membership and meetings at the end of the academic year with the next session in mind.

18. Members noted that the Audit & Assurance Committee had agreed to propose an amendment to the membership section of its Terms of Reference to include a requirement to ensure at least one member has recent and relevant financial experience, in line with the Scottish Public Finance Manual. The Finance Committee agreed to a recommendation to mirror this change. The Board approved both requested changes in June 2025.