

## Board Meeting

Date of Meeting	Monday 1 June 2015
Paper Title	Matters arising
Agenda Item	7
Paper Number	BM5-D
Responsible Officer	Martin Fairbairn, Interim Chief Officer
Status	Disclosable
Action	For Approval

### 1. Report Purpose

- 1.1. Update the Board on various issues, including matters arising from previous meetings, where further information is available compared to that contained in the Action Monitoring Log.

### 2. Recommendations

- 2.1. The Board is invited to note this paper.

### 3. Budget

- 3.1. Attached as annexes to this paper are copies of letters from the Scottish Funding Council setting out GCRB's original budget for the 2015 calendar year and then for the period April to July 2015.
- 3.2. From 1 April 2015 City of Glasgow College took over the administration of GCRB's finances. City of Glasgow College is currently in the process of transferring the accounting records from Glasgow Caledonian University. Although we do not yet have an up-to-date financial report, the out-turn for the period January to March 2015 was an underspend. Once the amount of that underspend is clarified, the GCRB executive will discuss with SFC and the assigned colleges options for how it should be applied, which will be considered by the Performance & Resources Committee.

### 4. Student support funding

- 4.1. The GCRB executive is discussing with the assigned college principals the development of a paper on student support funding.

## 5. Audit Scotland report on college sector

5.1. In April Audit Scotland published its latest overview report on the college sector: *Scotland's colleges 2015*<sup>1</sup>. The recommendations for colleges and regional bodies were as follows:

*i Colleges should:*

- *continue to review workforce plans in the light of reductions in staff, and as part of curriculum reviews, to identify any gaps in the skills, knowledge and resources required to deliver high-quality learning.*

*ii Regional bodies should:*

- *work with colleges in their region to develop appropriate accountability structures to ensure effective governance of the use of public money and management of the performance of the colleges.*

*iii College boards should:*

- *comply with existing Scottish Government and SFC requirements and guidance, and wider good practice when considering and approving senior staff severance. In particular, they should base their decisions on full business cases to support severance proposals, and clearly record how they have considered and taken decisions on those proposals*
- *monitor student participation and satisfaction to help them plan future learning provision*
- *complete the remaining merger activities, including standardising terms and conditions of service for all staff, curriculum reviews and integration of ICT systems*
- *work towards developing ten-year financial plans.*

5.2. The report will be considered at the next meeting of the Audit Committee.

5.3. In relation to this report, the Interim Chair has been invited by the Public Audit Committee to provide oral evidence on 10 June 2015, as part of a panel.

## 6. Fully-operational fundable body status

6.1. The Interim Chief Officer has reviewed the governance checklist with officials from the Scottish Funding Council. There remains a significant amount of work to be completed. A revised timetable is being prepared and will be reviewed at the next meeting of the Performance & Resources Committee. Most of the requirements should be capable of finalisation in time for approval at the Board's planned October meeting. The Scottish Funding Council is clarifying how final approval will be handled through its governance procedures.

---

<sup>1</sup> [http://www.audit-scotland.gov.uk/docs/central/2015/nr\\_150402\\_scotlands\\_colleges.pdf](http://www.audit-scotland.gov.uk/docs/central/2015/nr_150402_scotlands_colleges.pdf)



Scottish Funding Council  
Promoting further and higher education



Comhairle Maoineachaidh na h-Alba  
A' brosnachadh foghlam adhartach agus àrd ìre

Our ref: 242901910

29 January 2015

The Rt Hon Henry McLeish  
Chair  
Glasgow Colleges' Regional Board  
Glasgow Caledonian University  
Cowcaddens Road  
GLASGOW G4 0BA

*Dear Henry*

I am writing to confirm the arrangements that SFC has put in place to transfer funds for the operation of the GCRB from the Glasgow Colleges' regional allocation (which forms the core grant of the three colleges) for the remainder of the academic year 2014-15.

Informed by discussion with the Advisor to GCRB, Julia Henderson, in November 2014 SFC prepared a draft budget based on the costs identified which informed the budget heads outlined. This was agreed with Julia and I have attached a copy for reference. As you will be aware this was based on the current scenario of staffing, including the current secondment, and the expected staffing structure which will emerge and also the GCRB activity expected between January and July 2015.

This is the budget figure we have used to inform the top-slice required from the three colleges. We understand that you have now shared this draft budget with your Board. It also includes a late amendment to include a budget head for Consultancy (transfer from staffing) following an email from your office on 21 January seeking budget capacity for this item.

Scottish Funding Council  
Apex 2  
97 Haymarket Terrace  
Edinburgh  
EH12 5HD  
T 0131 313 6500  
F 0131 313 6501  
[www.sfc.ac.uk](http://www.sfc.ac.uk)

It is critical that the colleges know what reduction in funding they should be seeking to accommodate in the current academic year 2014-15 so we have made arrangements to top-slice the full amount outlined in the draft budget for January to July 2015. The total amount outlined in the budget is £243,786.

This will be split in the following way:

- **£14,300** retained by SFC to meet the costs of the outstanding fees for the Chair, from August to December 2014;
- **£121,655** paid to GCU at the beginning of February to meet the operational costs of GCRB from January to March 2015; and
- **£107,831** will be paid over the period April to July 2015 – the expectation is that this would be paid to one of the colleges when arrangements are in place for provision of financial services to GCRB – and drawn down on a monthly basis.

We have put in place the steps to have the funds for January to March 2015 available to GCRB by offering GCU funding of £121,655. GCU has confirmed that they are content to put in place the necessary arrangements to facilitate this. Julia has outlined that the intention of GCRB is to have new financial arrangements in place with one of the Glasgow colleges by the end of March 2015, as outlined in the recommendations prepared by Riona Bell in her report on financial, funding and performance reporting systems for GCRB. This will be an item for the implementation planning currently being led by Julia along with SFC and a group from the three Colleges. We will review the arrangements outlined above in mid-March 2015 and respond to any issues arising at that stage.

SFC will write to the three Principals of the colleges to alert them to the arrangements which are now in place. This was flagged up at an earlier meeting I had with the three Principals in December 2014.

As stated in John Kemp's email of 11 November 2014 this top slice of funds by SFC is an interim measure. We expect that you will progress early budget planning and discussion with your Board for the AY 2015-16 period so that the boards of the three assigned colleges and the three Principals are informed of the financial implications at an early stage and appropriate arrangements are in place.

If you have queries about the arrangements outlined please speak to Linda McLeod,  
Assistant Director and Outcome Agreement Manager, Tel: 0131 313 6694, email:  
[lmcleod@sfc.ac.uk](mailto:lmcleod@sfc.ac.uk)

Yours sincerely

A handwritten signature in black ink, appearing to read 'Laurence Howells', written in a cursive style.

**Laurence Howells**  
Chief Executive

Glasgow Colleges Regional Board budget

		2015 Budget												TOTAL
		January	February	March	April	May	June	July	August	September	October	November	December	
Staff costs	Chair's fee <sup>1</sup>	£17,160	£2,860	£2,860	£2,860	£2,860	£2,860	£2,860	£2,860	£2,860	£2,860	£2,860	£2,860	£48,620
	Chief Executive Officer <sup>2</sup> (salary of £75k + on-costs: £93,750 pa)				£7,813	£7,813	£7,813	£7,813	£7,813	£7,813	£7,813	£7,813	£7,813	£70,313
	J. Henderson secondment <sup>3</sup> (2013 salary costs: £77,655 pa; 2014 salary costs: £78,429 pa)	£6,536	£6,536	£6,536										£19,608
	Possible senior Governance post <sup>4</sup>				£6,536	£6,536	£6,536	£6,536	£6,536	£6,536	£6,536	£6,536	£6,536	£58,824
	Executive assistant <sup>5</sup> secondment continuing or permanent post (salary + oncosts: circa £41,294 pa)	£3,493	£3,493	£3,493	£3,493	£3,493	£3,493	£3,493	£3,493	£3,493	£3,493	£3,493	£3,493	£41,916
<b>Total staff costs</b>	<b>£27,189</b>	<b>£12,889</b>	<b>£12,889</b>	<b>£20,702</b>	<b>£20,702</b>	<b>£20,702</b>	<b>£20,702</b>	<b>£20,702</b>	<b>£20,702</b>	<b>£20,702</b>	<b>£20,702</b>	<b>£20,702</b>	<b>£239,281</b>	

Non-staff costs	T&S for staff (inc Board) at GCRB <sup>6</sup>	£625	£625	£625	£625	£625	£625	£625	£625	£625	£625	£625	£625	£7,500
	Office running costs <sup>7</sup>	£833	£833	£833	£833	£833	£833	£833	£833	£833	£833	£833	£833	£10,000
	GCU office hire <sup>8</sup> (K417: £4,018 per quarter K416: £655.94 per quarter)	£4,018		£656	£4,018		£656	£4,018		£656	£4,018		£656	£18,696
	Recruitment costs								£5,000					£5,000
	Consultancy	£7,813	£7,813	£7,813										
	Services provided by other colleges (Finance, HR, Data etc)	?	?	?	?	?	?	?	?	?	?	?	?	?
	Accounting services to prepare consolidated accounts <sup>9</sup>											£5,000		£5,000
	Internal audit <sup>10</sup>			£3,000			£3,000			£3,000			£3,000	£12,000
	External audit <sup>10</sup>			£7,500			£7,500			£7,500			£7,500	£30,000
	Legal advice - shared services and employment <sup>11</sup>		£20,000											£20,000
	Shared services VAT advice <sup>12</sup>			£20,000										£20,000
<b>Total non-staff costs</b>	<b>£13,289</b>	<b>£29,271</b>	<b>£40,427</b>	<b>£5,476</b>	<b>£1,458</b>	<b>£12,614</b>	<b>£5,476</b>	<b>£6,458</b>	<b>£12,614</b>	<b>£5,476</b>	<b>£6,458</b>	<b>£12,614</b>	<b>£128,196</b>	

<b>Total costs</b>	<b>£40,478</b>	<b>£42,160</b>	<b>£53,316</b>	<b>£26,178</b>	<b>£22,160</b>	<b>£33,316</b>	<b>£26,178</b>	<b>£27,160</b>	<b>£33,316</b>	<b>£26,178</b>	<b>£27,160</b>	<b>£33,316</b>	<b>£367,476</b>
<b>Cumulative total costs</b>	<b>£40,478</b>	<b>£82,639</b>	<b>£135,955</b>	<b>£162,133</b>	<b>£184,293</b>	<b>£217,608</b>	<b>£243,786</b>	<b>£270,946</b>	<b>£304,262</b>	<b>£330,440</b>	<b>£357,600</b>	<b>£390,915</b>	

Notes

1. Chair's fee: Budget based on entitlement of 2 days a week from 1st August 14 at £330 per day. Therefore £14,300 of costs unclaimed in 2014 are included in January 2015. Claims against the £14,300 costs (covering Aug-Dec 14) will be processed by SFC.
2. Chief Executive Officer: salary has been estimated at £75,000 + on-costs. No salary costs are estimated to be incurred until April 15.
3. J Henderson - assumption that this post will be continued until March 2015.
4. Senior Governance post - assumption that this is a new post in the structure. The salary needs to be firmed up by GCRB.
5. Executive Assistant secondment: contract concludes on 31 December 2014 - assumption made that the secondment continues or the post is made permanent.
6. T&S budget based on previous year's spend, adding an additional £1,000 for overnight accommodation.
7. Office running costs: £10k as per previous years.
8. GCU office hire: Paid to GCU.
9. Accounting services to prepare consolidated accounts: estimate based on 5 days x £1,000 per day. To be firmed up by GCRB.
10. Internal and external audit costs: Estimates. Quarterly split. To be firmed up by GCRB.
11. Legal advice - based on estimates and will need to be firmed up by GCRB.
12. Shared services VAT advice: Estimate. This will be required early 2015 to bottom out the VAT impact of the assigned colleges providing GCRB with services e.g. finance, HR etc. To be firmed up



Scottish Funding Council

Promoting further and higher education

Comhairle Maoineachaidh na h-Alba

A' brosnachadh foghlam adhartach agus àrd-ìre

Our ref: 243254397

Paul Little  
Principal and Chief Executive  
City of Glasgow College  
300 Cathedral Street  
Glasgow G1 2TA

1 May 2015

**Glasgow Colleges Regional Board budget: April-July 2015**

The Council is pleased to offer funding of up to **£50,416** to City of Glasgow College for the budget of the Glasgow Colleges' Regional Board (GCRB) during the period 1<sup>st</sup> April 2015 to 31<sup>st</sup> July 2015. This offer transfers the funds top-sliced from the Glasgow Colleges to support the operation of GCRB.

As you are aware the GCRB is at a critical stage in its development as it works towards assuming the full duties and responsibilities of a Regional Strategic Board. From January 2015 SFC has no longer funded directly the costs associated with GCRB, instead it has been funded directly from the Glasgow Colleges' regional allocation. SFC is responsible for transferring this funding to City of Glasgow College for this purpose from 1<sup>st</sup> April 2015. There are still other steps to be put taken before the GCRB can assume full status as a fundable strategic body.

The arrangement for City of Glasgow College to offer back office support for GCRB's financial systems and payroll was endorsed by GCRB at the Regional Board meeting on 16 March 2015. Alongside this, the City of Glasgow College will also offer routine HR support, from 1<sup>st</sup> April 2015. The relevant extract from a report presented to GCRB follows:

*The Advisor to the Board has over the last few weeks had very positive discussions with the City of Glasgow College Principal, Depute Principal, Executive Director of Finance and the Executive Director of HR and the outcome of these discussions is as follows:*

- *Back office support for GCRB's financial systems and payroll along with routine HR support will be provided by CoGC from the 1<sup>st</sup> April 2015;*

We understand that also in March the Advisor to the Board, Julia Henderson, discussed and agreed this with the Principal and Director of Finance at the college. The college also confirmed that arrangements will be put in place to ensure the required payment procedure for staffing, accommodation and other costs are in place and the college's robust processes are followed.

The amount will be paid in AY 2014-15.

The breakdown of the main GCRB budget lines for this period, agreed with Julia Henderson in November 2014 are as outlined below. Two lines that have been temporarily removed for the interim period: these both relate to staff. As recruitment has not yet begun for these posts, SFC will retain this funding until required.

		April 2015	May 2015	June 2015	July 2015
Staff Costs	Chair's fee (paid direct to Mr McLeish on claims basis)	£2,860	£2,860	£2,860	£2,860
	GCRB Exec Assistant (Paid to Glasgow Clyde College)	£3,493	£3,493	£3,493	£3,493
<b>Total staff costs</b>		<b>£6,353</b>	<b>£6,353</b>	<b>£6,353</b>	<b>£6,353</b>

Non-Staff Costs	T&S for GCRB staff and Board (Paid direct to individual on claims basis)	£625	£625	£625	£625
	GCRB Office running costs	£833	£833	£833	£833
	GCU office hire (K417: £4,018 per quarter K416: £655.94 per quarter)	£4018		£656	£4018
	Internal audit			£3,000	
	External audit			£7,500	
<b>Total Non-Staff Costs</b>		<b>£5,476</b>	<b>£1,458</b>	<b>£12,614</b>	<b>£5,476</b>

*Total Costs* £11,829 £7,791 £18,967 £11,829

*Cumulative Total Costs* £11,829 £19,620 £38,587 £50,416



The amounts allocated for internal audit and external audit are estimates. The amounts should be ring fenced for their purpose. We will be discussing with GCRB as a matter of urgency the transfer of any remaining funding for January to March, currently lodged with GCU, to City of Glasgow College.

In addition we have discussed with GCRB the need to put in place arrangements for SFC sign off on GCRB payments and invoices during the period until Martin Fairbairn begins his secondment as Chief Executive Officer. Our guidance on this is attached. We anticipate your support in implementing these arrangements.

### **Conditions of funding**

The funding is offered subject to the attached standard conditions of grant (as applicable). In addition SFC is seeking assurance that monthly updates will be available outlining the budget spend and the financial position of the GCRB.

### **Payment of funding**

We will make a one-off payment for the full amount once you have formally accepted the offer of funding with the attached conditions. To accept the offer, please sign a copy of the attached form, and return to Catherine Atkinson, Senior Budgeting and Reporting Officer (0131 313 6540; [catkinson@sfc.ac.uk](mailto:catkinson@sfc.ac.uk)).

### **Evaluation and review**

We will review these arrangements in July 2015.

Please contact Linda McLeod (telephone: 0131 313 6694; email: [lmcleod@sfc.ac.uk](mailto:lmcleod@sfc.ac.uk)) if you have any queries about this offer of funding or the arrangements outlined.

Yours sincerely



**Laurence Howells**  
Chief Executive

cc Ali Jarvis, Interim Chair, GCRB  
Eleanor Harris  
Alan Sherry

Enc

**Glasgow Colleges Regional Board budget: April-July 2015**

I accept this offer of funding of up to £50,416 to City of Glasgow College for the Budget of the Glasgow Colleges Regional Board during the period 1<sup>st</sup> April 2015 to 31<sup>st</sup> July 2015. I agree to comply with the conditions of grant

**Name:**

**University:** City of Glasgow College

**Position:**

**Signed:**

**Date:**

## **Standard conditions of grant**

- 1 You must use the grant to achieve the objectives and outcomes that you provided in your proposal and that we agreed, in accordance with the Council's Financial Memorandum with institutions.
- 2 You must seek our agreement in advance for any alterations to the objectives or outcomes of the project/programme of work.
- 3 The main contact you have nominated must act on behalf of all partner institutions and accept responsibility for monitoring use of the grant. You must notify us as soon as possible if this contact changes.
- 4 If your pattern of spend differs significantly from the budget provided in your proposal, you must notify us as soon as possible.
- 5 You must comply with the monitoring requirements in this letter and also co-operate with the impact evaluation, if requested. You must immediately tell us of any problems with the project/work which are likely to affect the timetable or outcomes. We may request additional reports if we think this is necessary.
- 6 You must tell us in advance of any publicity arrangements you are making for the project/work so that we can advise on our inclusion in signage, advertising and media releases.
- 7 We may audit relevant project documentation so that we know that you have used the grant appropriately and have met these conditions of grant.
- 8 We may suspend payments or recover grant paid if you do not comply with any of these conditions of grant.

## **SFC Procedures for signing off/authorising GCRB payments**

**April 2015**

### ***Background***

In an email of 13<sup>th</sup> April 2015 to the Chair of the GCRB, Laurence Howells set out the SFC requirement to adjust the financial arrangements for GCRB on an interim basis until resolution of the current situation regarding Martin Fairbairn's secondment, or a point at which a Chief Operating Officer is appointed. GCRB will be required to seek approval from SFC before committing to any expenditure or making any payments (where the commitment to do so has already been made).

The arrangements for City of Glasgow College (CoGC) to assume these financial procedures and processes for GCRB has been confirmed and payment of the GCRB budget allocation for April to July 2015 has been authorised by Laurence Howells.

The arrangement for City of Glasgow to offer back office support for GCRB's financial systems and payroll, along with routine HR support, was endorsed by GCRB at the Regional Board meeting on 16 March 2015. The relevant extract from the report presented to GCRB follows:

*The Advisor to the Board has over the last few weeks had very positive discussions with the City of Glasgow College Principal, Depute Principal, Executive Director of Finance and the Executive Director of HR and the outcome of these discussions is as follows:*

- *Back office support for GCRB's financial systems and payroll along with routine HR support will be provided by CoGC from the 1<sup>st</sup> April 2015;*

*Other matters have intervened and the payroll arrangement will not be effective from 1<sup>st</sup> April 2015 in relation to the Executive Support post, though we understand CoGC stand ready to assist, which support the Board very much appreciates.*

The following arrangements would come into immediate effect.

### **Principles**

SFC makes a commitment to turn around these requests from GCRB within one working day where there are non-contentious requests, for example where the item for payment clearly has a budget line and is expected. For other items additional time may be required to seek further clarification with GCRB office.