

Audit Committee Meeting

Date of Meeting	Tuesday 6 October 2020
Paper Title	Institutional Efficiency Returns
Agenda Item	17
Paper Number	AAC1-L
Responsible Officer	Jim Godfrey, Finance & Resources Director
Recommended Status	Disclosable
Action	For Noting

1. Report Purpose

- 1.1. The purpose of this report is to provide an update in respect of the process for demonstrating institutional efficiency.

2. Recommendations

- 2.1. The Committee is invited to **note** the returns submitted by the three colleges in Glasgow.

3. Report

- 3.1. On 7 February 2020, the Scottish Funding Council issued a 'Call for Information' in respect of [Institutional Efficiency](#). This document outlines a request for institutions to detail their contribution to the Scottish Government's efficiency objectives, in particular efficiencies for the academic year 2018-19.
- 3.2. As a result of the Covid-19 outbreak, the deadline for the completion of the return was extended from 3 April to 30 September 2020.
- 3.3. Colleges were required to supply their individual returns to GCRB by 25 September 2020 to enable the consolidated return to be sent to SFC by the deadline. The individual college returns are attached as annexes to this report.
- 3.4. There is a possibility that Audit Scotland will want to review this information, so it is important that the evidence being held at each institution is appropriate for audit purposes. SFC recommends that institutions use appropriate internal management, and governance arrangements, to ensure the robustness of the efficiency information by including a review of the underlying processes within the scope of the Audit Committee's remit.

4. Risk Analysis

- 4.1. The achievement of annual efficiencies presents a challenge to the financial sustainability of the assigned colleges in the Glasgow region.

5. Equalities Implications

5.1. There are no equalities implications arising from this report.

6. Legal Implications

6.1. No legal implications are identified.

7. Resource Implications

7.1. There are no direct financial implications of this report.

7.2. The expectation of Scottish Ministers that public bodies deliver at least 3% per annum is challenging. The compound effect of cumulative efficiencies means that the total scale of the efficiency is significant. In addition, it becomes more difficult to achieve efficiency gains over time as the easiest gains have been realised in previous years.

8. Strategic Plan Implications

8.1. The Glasgow Region Strategic Plan for College Education specifies that resources will be used efficiently. The demonstrable achievement of the efficiency is welcomed, however, the cumulative level of efficiencies is very challenging indeed.

Institutional Efficiency return 2018-19

1.	University/College name	City of Glasgow College
2.	Institution's Responsible Officer	Principal & Chief Executive
3.	Total cash efficiency achieved	£1,441,000
4.	Efficiency achieved as % of SFC total grant	3.4% (excluded Government funding of the NPD Unitary Charge)
5.	<p>Summary of efficiency activity e.g.</p> <ul style="list-style-type: none"> • The main initiatives the institution has taken over the year to ensure a strategic approach to increased efficiency and productivity and the improvements achieved in these areas. • The main information the institution uses to assess productivity, service, quality and performance and how the scope, usefulness or reliability has been improved during the year. • Specific steps the institution has taken during the year to improve collaboration and joint working to deliver efficient and user-focused services and the improvements achieved. 	<p>A significant staff restructure was launched Feb 2018. Over 50 staff have left through Voluntary Severance.</p> <p>Procurement efficiencies across a wide range of expenditure – mainly Estates, IT and teaching materials.</p>
6.	How have savings been applied?	The College has maintained the volume of Credit delivery, outcomes and achieved an underlying operating surplus. The restructure helped the College to improve its financial performance and the quality of teaching. During the year the College experienced increased costs from annual staff pay awards and inflationary increases to revenue expenditure.

Institutional Efficiency return 2018-19

7.	Breakdown of efficiency savings by procurement and shared services (Only where relevant – not all efficiencies will fall into these categories, so the figures here may not match the overall total).	Procurement=£304,000
		Shared services=
8.	Evidence: what performance measures and/or quality indicators are used to ensure that efficiencies were achieved without any detriment to services?	The College continued to successfully deliver the SFC Credit target and maintained student performance. A range of performance targets are monitored by the College senior management and Board to ensure the College remains at the forefront of College performance.

I confirm that the efficiencies delivered during the year 2018-19 are detailed in the above table and I am satisfied that the efficiencies identified fall within the definition given in the SFC Call for Information.

Signed: (Head of Institution)

Date:

Institutional Efficiency return 2018-19

1.	University/College name	Glasgow Clyde College
2.	Institution's Responsible Officer	Jon Vincent
3.	Total cash efficiency achieved	£1,631k
4.	Efficiency achieved as % of SFC total grant	4.99% (excl APUC reported procurement savings)
5.	Summary of efficiency activity e.g. <ul style="list-style-type: none"> • The main initiatives the institution has taken over the year to ensure a strategic approach to increased efficiency and productivity and the improvements achieved in these areas. • The main information the institution uses to assess productivity, service, quality and performance and how the scope, usefulness or reliability has been improved during the year. • Specific steps the institution has taken during the year to improve collaboration and joint working to deliver efficient and user-focused services and the improvements achieved. 	<p>Securing capital and revenue funding from ALF to support a range of capital and revenue development projects.</p> <p>Local tenders/mini-competitions to achieve procurement savings collaborating where possible with other institutions</p> <p>Continuous review of staffing vacancies to achieve staffing efficiencies</p> <p>Review of range of non-staff budget lines.</p> <p>Evaluation of ALF projects</p> <p>Ongoing contract management for significant value contracts</p> <p>College Staffing Group chaired by EMT members reviews all staffing requests</p> <p>Budget monitoring and regular dialogue with budget holders</p> <p>As above</p>
6.	How have savings been applied?	<p>To implement a range of capital and revenue development projects</p> <p>To maintain outputs/outcomes to mitigate impact of budget cuts or increased cost pressures.</p>
7.	Breakdown of efficiency savings by procurement and shared services (Only where relevant –	Procurement = In 2018/19 the College achieved procurement savings of £213k from local tenders and mini-competition exercises. For the purposes of this

Institutional Efficiency return 2018-19

	not all efficiencies will fall into these categories, so the figures here may not match the overall total).	return these are shown as 'One-Off' savings as they will recur but only for the terms of the related contracts. These savings are in addition to the APUC Benefit Statement BT1 savings of £296k as reported directly to SFC by APUC.
		Shared services = APUC provides the College procurement shared service, see above for savings.
8.	Evidence: what performance measures and/or quality indicators are used to ensure that efficiencies were achieved without any detriment to services?	<p>ALF projects evaluation reports</p> <p>Ongoing contract management for significant value contracts including relevant KPIs</p> <p>College Staffing Group chaired by EMT members reviews all staffing requests taking account of impact of decisions on student experience</p> <p>Budget monitoring and regular dialogue with budget holders</p> <p>Student satisfaction surveys</p> <p>Staff surveys</p> <p>Monitoring of agreed quality indicators</p> <p>Established cross College KPIs</p>

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Date:30 September 2020.....

Institutional Efficiency return 2018-19

1.	University/College name	Glasgow Kelvin College
2.	Institution's Responsible Officer	<i>Head of Finance</i>
3.	Total cash efficiency achieved	£427,000
4.	Efficiency achieved as % of SFC total grant	2.1%
5.	Summary of efficiency activity e.g. <ul style="list-style-type: none"> • The main initiatives the institution has taken over the year to ensure a strategic approach to increased efficiency and productivity and the improvements achieved in these areas. • The main information the institution uses to assess productivity, service, quality and performance and how the scope, usefulness or reliability has been improved during the year. • Specific steps the institution has taken during the year to improve collaboration and joint working to deliver efficient and 	<p>The College has a value for money strategy which is updated annually. This is integrated with the College's budgeting and planning processes and performance against the strategy monitored during the year. The medium term financial plan also provides the strategic framework for the management of value for money improvement. The Board of Management and its sub-committees are fully involved in the value for money agenda.</p> <p>This is outlined in the relevant sections of the Performance Report within the Annual Report and Accounts for the year ended 31 July 2019. The main aspects are:</p> <ul style="list-style-type: none"> • Review of KPI's against previous and sector performance; • Team and college self-evaluation reports; • Performance improvement plans where appropriate; and • Review of student surveys and destination statistics. <p>The College has increased the coverage of student surveys and focus groups and has sought to increase the response rates in respect of the destination survey.</p> <p>The College continues to work jointly with GCRB and the other Glasgow Colleges. This has resulted in joint projects which reduce duplication in Glasgow and improve the service offered. The main achievement in</p>

Institutional Efficiency return 2018-19

	user-focused services and the improvements achieved.	<p>the reporting year was further growth in the Foundation Apprenticeship Contract which generated additional income totalling £1.1m of additional education contract income, provided new progression routes for 4th / 5th year school pupils in Glasgow and surrounding areas. This is a regional programme which is being hosted and led by Glasgow Kelvin College.</p> <p>In respect of institutional efficiency, this growth in contract income is significant but not included as it is another form of public funding.</p> <p>A regional approach was also taken to achieve procurement savings in respect of the MIS system contract which resulted in a material saving.</p> <p>More significant savings were made in the prior year and additionally efficiency savings were progressed during 2018/19 to deliver cash releasing savings in 2019/20.</p>
6.	How have savings been applied?	<i>To contribute to unfunded pay increases, unexpected clawback of funding by SFC and unfunded impact of implementation of Scottish Living Wage in respect of key contracts.</i>
7.	Breakdown of efficiency savings by procurement and shared services (Only where relevant – not all efficiencies will fall into these categories, so the figures here may not match the overall total).	<p>Procurement=</p> <p>Shared services=</p>
8.	Evidence: what performance measures and/or quality indicators are used to ensure that	<i>The strategies and plans all seek to make savings which minimise adverse impact on the quality of service. However, as financial forecast assumptions require significant savings and staffing reductions – the scale</i>

Institutional Efficiency return 2018-19

efficiencies were achieved without any detriment to services?	<i>of the savings are such that some detrimental impact is unavoidable.</i>
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