

Draft Minute of the Performance and Resources Committee held on Monday 1 June 2020

Present	
Caroline MacDonald (Chair)	Aranka Szilassy
Paul Buchanan	Moira Connolly
In Attendance	
Martin Boyle (Executive Director)	Wendy Odedina (Executive Assistant)
Penny Davis (Board Secretary)	Derek Smeall (Principal, GKC)
Jim Godfrey (Finance and Resources Director)	Anwulika Umeh (Co-optee)
Paul Little (Principal, CoGC)	Jon Vincent (Principal, GCC)
Janie McCusker (Board Chair)	
Apologies	
David Brown	Charlie Montgomery

1. Introduction and Welcome

Paper Number: Verbal

1.1 Discussion

The Chair welcomed members and attendees to the meeting.

2. Apologies

Paper Number: Verbal

2.1 Decision

Apologies were received for David Brown. It was noted that Charlie Montgomery was not present.

3. Declarations of Interest

Paper Number: Verbal

3.1 Decision

The Chair reminded members that it is their personal responsibility to indicate to the Chair at any point during the meeting if they have, or may be perceived as having, a conflict of interest under any item on the agenda.

Principals declared an interest in items 6 and 13 in relation to funding decisions.

4. Chair's Business

Paper Number: Verbal

4.1 The Chair advised members of the following meetings she had undertaken since the last meeting:

- Committee Chairs with Board Chair;
- Board Meeting.

5. Minute of the Committee Meeting held on 14 April 2020

Paper Number: PRC5-A

5.1 Decision

The minutes of the meeting held on 14 April 2020 were **agreed** as an accurate record subject to the following additions:

- Amwulika Umeh was present at the meeting and is currently noted against apologies;
- Record that the Principal of Glasgow Clyde College had alerted the Committee at this meeting to the issue regarding the under-estimation of pension costs at his College.

6. Regional Outcome Agreement 2019-20: Progress Report

Paper Number: PRC5-B

6.1 Discussion

The Executive Director presented the progress report for the Regional Outcome Agreement for 2019-20 outlining progress against targets and in relation to the Programme for Action.

With regard to ESF (annex A), he highlighted that the credit activity notified by colleges does not match the ESF activity advised within the latest mid-year return and therefore there is a risk that if the regional target cannot be met, then it may not be possible to claim all of the ESF funding. The funding at risk is estimated to exceed £1m.

The Executive Director then referred to section 3.13-3.15 of the paper noting an underspend in the Programme for Action of £95,000. He proposed that this funding be allocated to the three colleges in Glasgow in accordance with the total core credit target on the basis that it is used to address 'digital poverty' amongst learners.

The Committee discussed the proposal for the reallocation funding to be diverted to digital poverty and the benefits of allowing discretion at college level to address wider student poverty.

6.2 Decision

The Committee:

- **discussed** and **noted** the contents of this progress report;

- **agreed to recommend** that the Board approves the allocation of £95,000 of additional funding to the Glasgow Colleges for 2019-20 to address the issue of poverty, and in particular digital poverty; and
- **Requested** that the Principal of City of Glasgow College share with college colleagues and the GCRB executive the additional information referred to regarding ESF funding.

7. Capital Funding 2019-20

Paper Number: PRC4-C

7.1 Discussion

The Finance and Resources Director presented the paper noting that works have been suspended due to the closure of college buildings. He explained that there is no financial risk as funds have been committed however timescales will be delayed.

7.2 Decision

The Committee **noted** the progress made by the colleges in respect of the capital projects in 2019-20.

8. Flexible Workforce Development Fund 2019-20

Paper Number: PRC5-D

8.1 Discussion

The Finance and Resources Director presented the paper noting that the current Covid-19 situation has had a significant impact on planned activity and this presents a financial risk to the region if the SFC only fund activity that has been delivered. He explained that dialogue is ongoing with SFC and the sector as to how this matter will be resolved.

8.2 Decision

The Committee **noted** that:

- £1,854,000 of Flexible Workforce Activity has been contracted/agreed and delivery planned at March 2020;
- The value of training delivered/started at the end of April was £383,000;
- A further £796,000 of Flexible Workforce Activity was contracted in 2018-19 and delivered in 2019-20.

9. Analysis of Mid-Year Returns 2019-20

Paper Number: PRC5-E

9.1 Discussion

The Finance and Resources Director presented the analysis of Mid-Year Returns for 2019-20 explaining that these provide the latest forecast position for the Glasgow College region.

He noted that the returns highlight the significant reduction in non-SFC income, noting however that the financial forecasts have recently improved, mainly as a result of the colleges submitting applications to the UK Government's furlough scheme. He stated that the predicted loss for the region currently stands at £4.5M which in his opinion, is modest compared to the overall income of the region.

The Finance and Resources Director explained that the information provided suggests that the colleges will each face challenges in terms of cash flow in the longer term however there is an immediate issue at Glasgow Kelvin College who have suggested that the college will run out of cash by 31 July 2020.

The Committee discussed the regional financial challenges noting the funding assumptions that projections are based upon, and the associated risks if these are not realised, as discussed in previous papers in relation to ESF and FWDF. They discussed the furlough scheme and the technicalities of accessing this scheme as a publicly funded body.

9.2 Decision

The Committee **noted** the consolidated Mid-Year Return of the Glasgow region and the emerging issues identified in the report.

The Committee **requested** that the GCRB Executive continue to engage closely with Glasgow Kelvin College regarding its immediate cash flow position.

10. GCRB Running Costs 2019-20

Paper Number: PRC5-F

10.1 Discussion

The Finance and Resources Director presented the report on GCRB's running costs for 2019-20.

10.2 Decision

The Committee **noted** the forecast surplus for the financial year 2019-20 and the reasons for this.

11. GCRB Budget 2020-21

Paper Number: PRC5-G

11.1 Discussion

The Finance and Resources Director presented the draft budget for 2020-21 to the Committee for onward recommendation to the Board. He highlighted the reduction in GCRB running costs which is also reflected in the proposed final funding allocation for the region to be considered later in the agenda.

11.2 Decision

The Committee **agreed** to recommend that the Board that it **approves** the GCRB Budget for 2020-21.

12. Regional Outcome Agreement 2020-21

Paper Number: PRC5-H

12.1 Discussion

The Executive Director presented the Regional Outcome Agreement for 2020-21 noting the inclusion of additional information as requested at the last board meeting.

12.2 Decision

The Committee **noted** the 2020-21 Regional Outcome Agreement, including additional text relating specifically to Covid-19 on-going response.

13. Final Funding Allocations 2020-21

Paper Number: PRC5-I

13.1 Discussion

The Finance and Resources Director presented the proposed final funding allocations for 2020-21 for the Committee's consideration and onward recommendation to the Board.

He highlighted three matters to the Committee which had changed since its consideration of the indicative allocation.

1. GCRB Budget. Subject to board approval, the Finance and Resources Director noted that the reduction in GCRB running costs allows for an additional allocation to colleges.
2. Capital Funding. The Executive Director noted that subsequent to the distribution of this paper, he had met with the Principals of Glasgow Kelvin and Clyde colleges who had suggested a modification to this proposal in transferring some capital funds from Glasgow Clyde to Glasgow Kelvin college. He noted that the GCRB executive were content to support this proposal.

The Committee discussed the matter and were also happy to support the proposal. They noted for the future that it would be helpful to have a fuller picture of the condition of the regional estate in order to aid decision making at board level.

3. Pension Costs. With regard to funding for pension costs, the Finance and Resources Director explained that colleges had provided estimated in June 2019 of future costs and SFC provided funding based on these estimates. He noted that the colleges have since re-calculated and Glasgow Clyde College have underestimated their true cost, City of Glasgow college have underestimated to a lesser extent, and Glasgow Kelvin College have over-estimated.

He presented options to the Committee of GCRB recalibrating the funding based on the more accurate information or retaining the initial estimates, as has been the case in the past in relation to other funding decisions.

The Committee discussed the matter and heard representations from the three College Principals with regard the position within their colleges. They noted that the overall allocation was sufficient to meet the needs of the region for this purpose.

13.2 Decision

The Committee:

- **Agreed to recommend** the final allocations for 2020-21 to the Board, and in particular the changes to the indicative allocations as follows:
 - GCRB Running Costs: agree to recommend to the board;
 - Capital Funding: proposed amendment transferring funds from Glasgow Clyde to Glasgow Kelvin College accepted;
 - Pensions: agreed to recommend to the Board that the increase in contributions is allocated to the 3 colleges for 2020-21 and that the remaining funds be held by GCRB and distributed to the colleges as an additional in-year distribution. The basis of this in-year distribution should be considered by the Performance and Resources Committee.
- **Request** that final allocations for the European Social Fund and Flexible Workforce Development Fund are provided to the Board meeting if available.

14. Long Term Agenda

Paper Number: PRC5-J

14.1 Decision

The Committee **agreed** the long term agenda.

15. Disclosure Status of Papers

15.1 Decision

The Board Secretary confirmed the following papers as non-disclosable:

- BM5-G: GCRB Budget 2020-21
- BM5-I: Final Allocation of Funding 2020-21

16. Date of Next Meeting

16.1 Discussion

The date of the next meeting was **agreed** as 30 September 2020.