

## Board Meeting

Date of Meeting	Monday 25 April 2016
Paper Title	GCRB running costs
Agenda Item	12
Paper Number	BM6-J
Responsible Officer	Alex Stewart, Head of Finance, City of Glasgow College
Status	Disclosable
Action	For Noting

### 1. Report Purpose

- 1.1.** The purpose of this report is to provide the Board with an update on the financial position of the GCRB.

### 2. Recommendations

- 2.1.** The Board is invited to **note**:

- in the initial period the GCRB was funded by a combination of SFC and the Colleges;
- the colleges have fully funded the GCRB costs from 1 January 2015 with the funding currently split evenly across the 3 Colleges;
- GCRB's currently-projected costs for 2015-16 are £21,107 less than previously projected; and
- the Scottish Funding Council has required funding for the full cost of the Interim Chief Officer for the period beyond the original period of the secondment (i.e. from 11 November 2015 onwards).

### 3. Background

- 3.1.** This same report was considered by GCRB's Performance & Resources Committee at its meeting on 21 March 2016. No points arose from that discussion.
- 3.2.** Under the accounting standards GCRB is not permitted to carry forward excess funds or create reserves to be utilised in future periods. The surplus at the 31<sup>st</sup> July 2015 was retained by SFC and is being used to partially fund the 2015-16 expenditure.
- 3.3.** The assigned college boards continue to be responsible for the governance, financial management, operation and sustainability of the individual colleges.

#### 4. Summary income and expenditure

- 4.1. The following is an estimate of the income and expenditure for the period to 1st August 2015 to 31st July 2016.

<b>Glasgow Colleges' Regional Board</b>			
<b>Projected Income &amp; Expenditure</b>			
<b>12 months to 31/7/16</b>			
	<b>Reported</b>	<b>Reported</b>	<b>Current</b>
	<b>05/10/2015</b>	<b>25/01/2016</b>	<b>Projection</b>
<b>Income</b>			
SFC College Funds C/Fwd	£69,379	£107,171	£118,371
Colleges	£225,000	£225,000	£225,000
	<b>£294,379</b>	<b>£332,171</b>	<b>£343,371</b>
<b>Expenditure</b>			
Staffing	£181,132	£198,025	£198,025
Chair	£34,320	£34,320	£34,320
External Audit fees	£30,000	£10,000	£10,000
Office expenses	£20,000	£10,000	£10,000
Internal Audit fees	£12,000	£12,000	£12,000
Legal Fees	£10,000	£2,000	£2,000
Board expenses	£7,500	£7,500	£7,500
	<b>£294,952</b>	<b>£273,845</b>	<b>£273,845</b>
Surplus	(£573)	£58,326	£69,526

- 4.2. The increase in projected staffing costs is mainly due to the GCRB being charged by the Scottish Funding Council for the full cost of Interim Chief Officer for the period beyond the original period of the secondment (i.e. from 11 November 2015 onwards). The staff costs for 2015-16 also include staffing that is required to cover a maternity period. The forecast assumes there will be full coverage of staff throughout the year. The external audit fee reflects the reduction that is expected for the audit of the 15/16 accounts.
- 4.3. The SFC College funds carried forward are subject to confirmation. The increase in Colleges Funds C/Fwd relates to charging SFC for a 8 month proportion of the external audit fee as they funded GCRB for the first 8 month of the 15 months to 31 July 2015.

## 5. Estimated income and expenditure for 2016-17

5.1. The following is an estimate of the income and expenditure for the period to 1st August 2016 to 31st July 2017:

<b>Glasgow Colleges' Regional Board</b>		
<b>Projected Income &amp; Expenditure</b>		
<b>12 months to 31/7/17</b>		
	<b>1516</b>	<b>1617</b>
	<b>Projection</b>	<b>Budget</b>
<b>Income</b>		
SFC College Funds C/Fwd	£118,371	£69,526
Colleges	£225,000	£180,000
	<u>£343,371</u>	<u>£249,526</u>
<b>Expenditure</b>		
Staffing	£198,025	£159,502
Chair	£34,320	£34,663
External Audit fees	£10,000	£10,300
Office expenses	£10,000	£10,000
Internal Audit fees	£12,000	£12,360
Legal Fees	£2,000	£2,000
Board expenses	£7,500	£7,500
	<u>£273,845</u>	<u>£236,325</u>
Surplus	£69,526	£13,201

5.2. The decrease in projected staffing costs is mainly due to the fact that the new Chief Officer is assumed to be on a lower salary than the seconded senior director from the SFC. GCRB during 2015-16 is being charged by SFC for the full cost of Interim Chief Officer from 11 November 2015 onwards. The staff costs for 2015-16 also include staffing that is required to cover a maternity period. The forecast assumes there will be full coverage of staff throughout the year. Other costs have generally gone up with inflation.

5.3. The SFC College funds carried forward are subject to confirmation.

5.4. Assuming the surplus is not used in academic year 2015-16 the Colleges contribution for 2016-17 would be £180,000 and that would still leave a projected surplus of £13,201.

5.5. Until we know the total funding allocation for Glasgow, it is not appropriate to confirm any budgets for 2016-17.

## 6. Risk Analysis

6.1. There are no specific risks associated with this paper.

## 7. Legal Implications

7.1. There are no specific legal implications arising from this paper.

## **8. Financial Implications**

- 8.1.** The GCRB running costs are fully funded by the Glasgow Colleges therefore this creates an additional pressure on the Colleges funding that most other Colleges do not experience.

## **9. Regional Outcome Agreement Implications**

- 9.1.** There are no specific implications for the Regional Outcome Agreement associated with this paper.