

Performance and Resources Committee Meeting

Date of Meeting	Wednesday 5 June 2019
Paper Title	Financial Monitoring Arrangements
Agenda Item	10.d
Paper Number	PRC4-I
Responsible Officer	Jim Godfrey, Finance and Resources Director
Status	Disclosable
Action	For Information

1. Report Purpose

- 1.1. To update the Committee on the financial monitoring of the assigned colleges during the period March to May 2019.

2. Recommendations

- 2.1. The Committee is asked to **note** the financial monitoring activity undertaken in the last three months.

3. Background

- 3.1. The monitoring of the financial performance of the assigned colleges is an important component of the role of Glasgow Colleges' Regional Board¹. A report outlining the monitoring arrangements was considered by this Committee at its last meeting.

4. Cash Flow Returns

- 4.1. GCRB, and the assigned colleges, are classified as central government entities for the purposes of accounting and budgeting. It is SFC's, and GCRB's, responsibility to allocate both cash and resource budgets to colleges/regions in order to support the delivery of their Outcome Agreements and to distribute cash on the basis of need. Both organisations also monitor cash paid out against the overall financial year budget, monitor spend against financial year resource budget and monitor college sustainability. SFC also provides information to the Scottish Government and HM Treasury.
- 4.2. The colleges supplied cash flow returns to GCRB and SFC in March, April and May 2019. These returns were reviewed by GCRB Finance & Resources Director (and the Senior Financial Analyst within the SFC). A small number of queries were raised with the colleges, which were dealt with promptly, and there are no outstanding matters. The verification process also works in the opposite direction with the colleges/GCRB identifying changes that are required to the information provided by SFC.

¹ Referred to as GCRB throughout the remainder of this document.

- 4.3.** The cash flow forecasts identify the future funding requirements and inform the monthly cash payments to each institution. The monthly payments were approved by GCRB in accordance with its responsibilities as a fundable body. The Internal Auditors completed a review of funds processing as part of the internal audit programme for 2017-18.

5. Flexible Workforce Development Fund

- 5.1.** The monitoring arrangements for the second year of the fund were published by SFC on 31 July 2018. Monitoring returns were submitted by the three colleges at the end of March, April and May 2019. The individual college returns were consolidated into a regional return and provided to SFC at the end of each month.
- 5.2.** Delivery of this programme, and achievement of the full-year target is considered a high priority. At the beginning of the calendar year there were concerns that the region may not be able to meet the target. The level of monitoring and frequency of review has therefore been increased. This has included an increased frequency of reporting and the matter being considered in a range of meetings and correspondence.
- 5.3.** The latest information indicates an upturn in the level of contractual commitments and an increased level of confidence in the region's ability to meet the target. A progress report on the Flexible Workforce Development Fund is a separate item on this agenda.

6. Capital Plans 2018-19

- 6.1.** The capital progress reports were provided by Glasgow Clyde College and Glasgow Kelvin College and incorporated into a report for this Committee. This report is the subject of a separate item on the agenda.

7. Financial Forecast Returns 2018-2023

- 7.1.** The colleges, and GCRB, submitted Financial Forecast Returns on 30 September 2018.
- 7.2.** SFC also published a further call for information on 1 February 2019. The call for information requires the colleges, and GCRB, to supply a revised return for 2018-19 by 31 March 2019. There is a report on the mid-year return on the agenda of this meeting.
- 7.3.** Discussions have also taken place with college, and SFC, colleagues regarding the next Financial Forecast Return. It is anticipated that guidance will be issued shortly by SFC with an anticipated return date of 30 June 2019.

8. Institutional Efficiency

- 8.1.** On 20 May 2019, SFC published a Call for Information in respect of institutional efficiency. Full details are available via the following link:
http://www.sfc.ac.uk/web/FILES/callsforinformation_sfcci022019/SFCCI022019_Institutional_Efficiency.pdf
- 8.2.** The Call for Information states the expectation of Scottish Ministers i.e. the expectation for "every public body to deliver efficiency savings of at least 3% in each year of the spending review and to report publicly on the actions taken".

- 8.3.** Returns are due to be submitted, by the three Glasgow colleges to GCRB by 19 August, and then to SFC by 6 September 2019. The returns will be reviewed by the GCRB Finance and Resources and the collated information reported to the next meeting of this Committee.

9. Education Maintenance Allowance (EMA) Return

- 9.1.** The colleges supplied copies of the monthly EMA returns to GCRB for the months ending March, April and May 2019. These returns were received in a timely manner and enable GCRB to authorise the reimbursement of funds to the colleges. In addition, to these monthly returns, colleges are also required to submit an annual aggregate return.
- 9.2.** On 7 May 2019, SFC issued guidance on the collection of the 2018-19 Education Maintenance Allowance return. Full details are available via the following link:
http://www.sfc.ac.uk/web/FILES/guidance_sfcgd022019/SFCGD0219_EMA_Annual_Return_Guidance_2018-19.pdf
- 9.3.** The returns provide data on the operation of the programme and also provide a claim for payments (and is reconciled with the Cash Flow Returns i.e. section 4 above).

10. Procurement

- 10.1.** The colleges are required to publish an Annual Procurement Report in November each year, which are reviewed by the GCRB Finance and Resources Director. The most recent reports cover the period to 31 July 2018 and full copies of each report are available from the college websites:

<https://www.cityofglasgowcollege.ac.uk/sites/default/files/CoGC%20Annual%20Procurement%20Report%202016-2018.pdf>

https://www.glasgowclyde.ac.uk/assets/000/004/597/Annual_Procurement_report_1_August_2016-31_July_2018_original.pdf

<https://www.glasgowkelvin.ac.uk/wp-content/uploads/2018/11/Procurement-Annual-Procurement-Report-201718.pdf>

- 10.2.** In addition college representatives meet with colleagues from APUC and the GCRB Finance and Resources Director every six months. The purpose of the meeting is to monitor progress on the range of collaborative procurement activities within the Glasgow Region. The group met on 20 May 2019 to review progress and future plans.
- 10.3.** A recent development has been the production of (procurement) Key Performance Indicator reports for each college. This is a helpful development and enables performance to be compared across the Glasgow colleges and also with external benchmarks.

11. Collaboration

11.1. The Colleges and GCRB are collaborating on a range of financial matters. These arrangements enable the free flow of information and identification of risks. The following examples demonstrate the extent of these mechanisms:

- **Sustainable Institutions Group** – met in March 2019. The participants included the Vice-Principals responsible for Finance within each college along with GCRB's Finance and Resources Director. One of the main items for discussion continues to be the impact of National Bargaining and the dispute with lecturers. Other items include long-term planning and the impact of Brexit.
- **Finance Meetings** – this group meets every three months and includes the Heads of Finance/Assistant Principals (with responsibility for Finance) and the GCRB Finance & Resources Director. The group met in March 2019 with a review of the consolidated financial accounts, and the financial sustainability, being the key issues. The next meeting of this group is due to take place on 4 June 2019.
- **Strategic Dialogue with SFC** – the GCRB Executive Director and Finance & Resources Director meet with senior representatives of the SFC on a regular basis. These meetings provide an opportunity to discuss strategic matters and risks facing the region. The meetings also enable an exchange of information and enable SFC to monitor the work of the region. The most recent meeting took place in March 2019 and the next meeting is scheduled on 4 June 2019. Key areas of discussion included; regional outcome agreement, curriculum planning, estates developments, flexible workforce development, financial planning and the future funding model.
- **Liaison with SFC Finance Team** – the GCRB Finance & Resources Director has a constructive, and positive, relationship with SFC finance colleagues. This relationship is mutually beneficial and enables SFC to support regional monitoring and discuss matters of concern. Recent dialogue has covered a range of items including; financial planning, debt write off, flexible workforce development, accounts direction, previously published annual report, annual accounts return etc.
- **Sectoral Support** – the GCRB Executive Director, and Finance & Resources Director work closely, with other sector representatives, for example Colleges Scotland and College Development Network. Such relationships are important as they help inform SFC policy in respect of how the monitoring arrangements are implemented. The GCRB Finance & Resources Director attends the national groups responsible for reviewing the Funding Model and also the Colleges Scotland Funding and Finance Committee. The most recent meetings of these groups took place on 29 May 2019. In addition, Board Members and, and members of the regional executive, have participated in national development events covering issues such as Cyber Security, Brexit and Leadership.

12. Risk Analysis

12.1. The actions set out in the report are intended to mitigate some of the risks contained within the risk register. These risks and the actions are outlined below:

Risk ID	GCRB Risk	Action
002	Effective working relationships are not developed/maintained with key partners due to a focus on short-term internal priorities.	The monitoring actions outlined identify the importance of effective working relationships with key external partners (for example SFC).
007	Financial sustainability is jeopardised by a reduction in funding and/or an increase in costs.	The financial monitoring arrangements are intended to support the financial sustainability of the colleges and the region. Through the effective monitoring it is anticipated that any issues will be identified in a timely manner. Identifying issues at the earliest opportunity enables GCRB and a college, or colleges, to work together to develop a common solution.
009	Working relationships within the Glasgow College Region (e.g. students, staff, board members) are ineffective and reduces our collective impact.	The financial monitoring arrangements outlined above promote the value of our collaborative approach. The financial monitoring is consistent with that in place for a single college region and GCRB will maximise the use of existing sources of information.
012	There is a breach of legislation/guidance/code of practice and this results in a failure of governance.	The effective monitoring of the financial performance of the colleges is a cornerstone of responsibilities of the Regional Strategic Body. The monitoring arrangements outlined above enable GCRB to fulfil these responsibilities and help to mitigate this risk.

13. Equalities Implications

13.1. There are no equalities implications as a direct result of this report.

14. Legal Implications

14.1. There are no specific legal implications associated with this report.

15. Resource Implications

15.1. The actions in respect of financial monitoring are primarily undertaken by the Finance and Resources Director in partnership with colleagues within the colleges and the SFC. No additional expenditure is envisaged as a result of this report.

16. Strategic Plan Implications

16.1. The financial monitoring arrangements are a key component of the effective governance of GCRB. As such, this contributes to this ambition within of the Glasgow Region Strategic Plan for College Education 2017-22.