

## Performance and Resources Committee Meeting

Date of Meeting	Thursday 7 June 2018
Paper Title	Financial Monitoring
Agenda Item	9 (e)
Paper Number	PRC5-I
Responsible Officer	Jim Godfrey, Finance and Resources Director
Status	Disclosable
Action	For Noting

### 1. Report Purpose

- 1.1. To update the Committee on the financial monitoring of the assigned colleges during the period March to May 2018.

### 2. Recommendations

- 2.1. The Committee is asked to **note** the financial monitoring activity undertaken in the last two 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 Board<sup>1</sup>. A report outlining the monitoring arrangements was considered by this Committee at its meeting on 7 March 2018.

### 4. Resource Returns

- 4.1. The Glasgow college region is part of the Central Government accounting and budgeting regime and subject to the same expenditure controls as SFC and other Government bodies. Colleges are allocated an annual resource expenditure budget and it is imperative that the net expenditure incurred in the financial year is within this Resource Departmental Expenditure limit (RDEL) or Capital Departmental Expenditure limit (CDEL).
- 4.2. The Colleges and GCRB were required to submit resource returns to the Scottish Funding Council on 19 March and 16 April. Generally speaking the colleges are meeting these deadlines. Occasionally, the deadline may be missed e.g. due to staff sickness.
- 4.3. Resource returns, of the individual colleges, were reviewed by the GCRB Finance and Resources Director and by a Senior Financial Analyst within the SFC. Some queries were raised in relation to the returns and these were answered promptly. There are no outstanding matters.

<sup>1</sup> Referred to as GCRB throughout the remainder of this document.

## **5. Cash Flow Returns**

- 5.1.** 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.
- 5.2.** The colleges supplied cash flow returns to GCRB and SFC in March, April and May 2018. They were all received in a timely manner. As previously noted, these were reviewed by GCRB Finance & Resources Director and Senior Financial Analyst within the SFC and some queries were raised with the colleges, which were dealt with promptly, and there are no outstanding matters.
- 5.3.** 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 it assuming its full responsibilities as a fundable body.

## **6. Flexible Workforce Development Fund**

- 6.1.** The three colleges supplied returns to GCRB Finance & Resources Director on the following dates:
  - 12 March,
  - 26 March,
  - 16 April,
  - 23 April,
  - 8 May, and
  - 21 May.
- 6.2.** The returns from each college are combined into a single regional return and submitted to the Scottish Funding Council. During the period, two points of clarification were raised and responses provided. A progress report on the Flexible Workforce Development Fund is a separate item on this agenda.

## **7. Capital Monitoring 2017-18**

- 7.1.** The capital progress reports were provided by each college in May 2018 and collated into a single report for this Committee. This report is the subject of a separate item on the agenda.

## **8. Capital Plans 2018-19**

- 8.1.** The capital plans of the colleges for 2018-19 have been received. These plans have been attached as appendices to a report on capital funding, which is the subject of a separate item on the agenda.

## 9. Student Support Funds 2017-18

- 9.1. The colleges provided an update of student support expenditure in May 2018. The result of these returns showed that one Glasgow college was predicting an underspend and another college an overspend. It was therefore possible to re-allocate £140,000 of funding within the region to meet the additional need. This is a positive impact of a collaborative, regional approach.

## 10. Certificate of Assurance

- 10.1. The Principal of each assigned college supplied a Certificate of Assurance to the Executive Director of GCRB in April 2018. The Executive Director of GCRB in turn submitted a Certificate of Assurance to the SFC. The Certificate of Assurance provides confirmation that the college (and GCRB) confirms that Accountable Officers have confidence in the systems of internal control that exist within the college/region. The GCRB Audit Committee considered a report on this matter at its meeting in May 2018.

## 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 on three occasions in March 2018 to consider the draft funding allocation. The group also met in May 2018. The participants included the Vice-Principals responsible for Finance within each college along with GCRB's Finance and Resources Director.
- **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 2018 and will meet again in June 2018.
- **Glasgow Region Procurement Team** – representatives of the colleges meet with colleagues from APUC and the GCRB Finance and Resources Director on a quarterly basis. The purpose of the meeting is to monitor progress on the range of collaborative procurement activities within the Glasgow Region. The next meeting of this group is in August 2018.
- **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. A meeting took place in April 2018.
- **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. This process is regular and on-going.
- **Sectoral Support** – the GCRB Executive Director and Finance & Resources Director work closely with other sector representatives, for example Finance Steering Group and Colleges Scotland. Such relationships are important as they help inform SFC policy in respect of how the monitoring arrangements are implemented. The national conference for finance professionals took place on 31 May and 1 June and was attended by GCRB's Finance & Resources Director.

## 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
0002	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).
0007	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 shared solution.
0009	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 a collaborative approach with regional colleges. The financial monitoring advocated is consistent with that in place for a single college region and GCRB will maximise the use existing sources of information.
0012	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. Legal Implications

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

## 14. Resource Implications

14.1. 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.

## 15. Strategic Plan Implications

15.1. 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.