

**John Wheatley College**  
**Board of Management**  
**Financial Control Committee**

**Minutes of the Financial Control Committee held on Thursday 15 February 2007 at 5.00pm in Room SO9, Alex Viola Suite, Easterhouse Campus.**

**1. Sederunt**

The meeting commenced at 5pm and was attended by:

T Burton(Chair);  
A Woolley;  
P Craig;  
H Ostrycharz (from 5.05pm); and  
J Cope ( co-opted member from 5.10pm).

In Attendance

A Kirk (Depute Principal);  
A Inglis (Assistant Principal);  
J Gow (Chief Finance Officer);  
A Sherry (Assistant Principal);  
S Double (Finance Manager); and  
S Wilkie (for recording purposes only)

**2. Apologies**

E Gillespie (co-opted member); and  
I Graham (Principal)

**3. Terms of Reference**

Members noted the terms of reference for the Financial Control Committee. It was confirmed that the meeting was quorate with 4 members in attendance.

**4. Declaration of Interest**

There were no declarations of interest expressed at this Committee meeting.

**5. Minutes of the previous meeting of the Financial Control Committee held on 30 November 2006**

Mr Woolley asked that a few minor amendments be made.

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Item 13 - **Valuation of the Easterhouse Campus** second paragraph

'He reported that James Barr (Quality Surveyors).....' should read Chartered Surveyors.

Item 15 – **Strathclyde Pension Fund- Annual Report and Accounts for Year Ended 31 March 2006** first bullet point

'The Fund had a closing net asset value of £8.9m' this should read £8.9bn.

Members of the Financial Control Committee agreed to accept the minutes as an accurate record once the amendments have been made by S Wilkie.

**6. Matters arising from Financial Control Committee Minutes held on 30 November 2006**

There were no matters arising from the previous minute.

**7. Benchmarking of Costs 2005/06**

The Chief Finance Officer spoke to his report informing members of the College's data submission for 2005/06 to the Scottish Funding Council (SFC). He also reminded members that they have routinely considered Benchmarking Club updates and minutes.

The Chief Finance Officer proceeded to highlight the key areas of the document informing members as a result of more effective management that the College improved teaching staff utilisation in session 2005/06 and as a consequence there was a reduction in teaching staff costs with an increase in the number of Weighted Student Units of Measurement delivered per Full-time Equivalent staff member. The Chief Finance reported that some of this improvement was as a result of a reduced absence for teaching however the absence rate is relatively high despite the efforts of the College.

J Gow informed members that the College appeared to spend more than the sector average on Estates this was partly due to increased utility, cleaning and security costs and operating on a multi-campus basis. He further informed members that the College intends to further review Estates expenditure to ensure that it is achieving value-for-money in this area of operation.

He reported that the College anticipated that it would make savings in session 2006/07 as a result of the completion of the wireless network, the new mobile phone contract and the cheaper procurement of ICT consumables through the use of Office of Commerce and Government (OGC) contracts.

He further added that the College is still significantly more dependent on SFC income relative to overall turnover than the sector average.

A brief discussion took place regarding sickness absence with A Woolley reporting that members of the Personnel and Staffing Committee are content with the way the College had improved the management of sickness absence.

H Ostrychartz arrived at the meeting at this point (5.05pm).

J Gow reminded members that the College was participating in a Benchmarking Club led by Cumbernauld College in association with Langside College and North Glasgow College.

J Cope arrived at the meeting at this point (5.10pm)

Members of the Financial Control Committee agreed to:

- (i) note the contents of this report and its appendix; and
- (ii) approve the Principal to sign and submit the Benchmarking return data to the SFC.

## **8. Efficient Government Initiative**

The Chief Finance Officer informed members that in May 2005 the Funding Councils agreed that the Further and Higher Education sectors could achieve £50m in annual savings or redeployment gains by 2007/08. He further informed members that a key component of the Funding Councils' response was the creation of the Advanced Procurement in Scotland's Universities and Colleges (APUC) centre which it was anticipated would deliver considerable savings to both sectors in the purchase of supplies and services. He reported that the Funding Councils' bid for £11.4 million to establish APUC had been successfully and that it would become operational during this academic year. He reminded members that the College remained sceptical about the projected savings this organisation would generate.

In response to question the Chief Finance Officer informed members that it is anticipated that the majority of the savings will be realised by the Higher Education sector.

Members of the Financial Control Committee agreed to note the contents of the report and its appendices.

**9. Review of College's Financial Forecast Returns (FFRs) 2005-06 to 2008-09**

The Chief Finance Officer informed members of the overview of FFR forecasts from the Scottish Funding Council (SFC) reporting that 4 colleges forecast deficits in 2005/06 with 3 projecting deficits in each of the following years of the return. He further informed members that 21 colleges were forecasting marginal surpluses of less than 1% of income reminding them that John Wheatley College is in this category.

He reported that the SFC have raised concerns about the significant number of material errors contained within some FFR returns and as a result 8 colleges were required to resubmit their FFR return. The College was not one this group. The Chief Finance Officer reminded members that the College forecasted a surplus of £20k and achieved a surplus of £22k for 2005/06.

Members of the Financial Control Committee agreed to note the contents of this report and its appendix.

**10. December 2006 Budget Monitoring Report**

The Chief Finance Officer informed members of the analysis of expenditure against budget for the 5 months to December 2006.

He reported that the Vocational School gross expenditure budget for the year was set at £ 2.3m, this amounts to 27% of the College total revenue budget. He further reported that the projected income for the year is expected to be approximately £76k less than budget as a result of external factors. Overall it was projected that this budget would come in on target at the year end.

He further reported that the Core School expenditure budget is £1.8m. The School is projected to be overspent against budget by £23k for the year again this is as a result of income being lower than that projected when the budget was formed. He reminded members that this was partially due to the collapse of the One Plus organisation.

J Gow reported that all other major budget headings were in line with projections with the exception of the Estates budget. This was as a result of the receipt of a delayed invoice from Scottish Water relating to academic/financial year 2004/05.

The Chief Finance Officer informed that surplus of £22k was currently being projected for the year end. .

Members of the Financial Control Committee agreed to note the contents of this report

## **11. Report on Cash Flow to 31<sup>st</sup> January**

The Chief Finance Officer spoke to this report apprising members of the College cash position as at 31<sup>st</sup> January 2007 and his projection to the end of the financial year.

He reported that the College had received grants and asset sales proceeds totalling £6,051k to finance the new campus and that £5,993k had been spent on the new campus project in the first 6 months of the year.

J Gow further reported that the total in the bank amounted to £2,086,527 as of 31 January 2007. He informed members that the high cash balance was due to the timing of new campus income and expenditure and under spending on the College revenue account.

The Chief Finance Officer reminded members that as a result of the final construction phase of the new campus, the College is expecting that cash balances will significantly reduce in February and March 2007. He informed members that the College would carefully monitor the cash position in order to minimise interest payable if the overdraft facility was required to be used.

Members of the Financial Control Committee agreed to note the contents of this report and its appendix.

## **12. Bad Debt Write Off**

The Chief Finance Officer spoke to his report requesting the authority to write off debts which are not considered to be recoverable.

He reported that as at 29<sup>th</sup> January 2007, the total invoiced debt owed to the College was £89,272. Of this total, £63,180 was more than 121 days overdue. The portion of this overdue debt not considered to be recoverable, at present, was £4,360. Therefore the College wished to 'write-off' this debt against the £20k provision made for this purpose. He informed members that College procedures for the collection of debt had been followed and it was now judged that there was no opportunity of recovering these monies.

J Gow further apprised members of the steps taken by the College to obtain the monies owed from the organisations on the 'aged' debtor list. He reminded them that the Banbury regeneration centre, the GEM Project, One Plus and miscellaneous fee income comprised 80% of this debt. He reported that the Banbury regeneration centre had part paid the monies owed and that steps had been taken to pursue the outstanding sum. He further reported that the GEM project had now ended and it was anticipated that Glasgow City Council would be the outstanding amount in due course.

The Chief Finance Officer reminded members that One Plus ceased trading in January 2007 as a result of financial difficulties. He reported that the debt of circa £8k-related rental charges associated with the use of accommodation in the Easterhouse campus. However it was anticipated

that this debt would be broadly offset as result of outstanding invoices which the College had yet to receive for childcare provision during the period 11 Decemebr2006-23 January 2007. The remaining miscellaneous debt was mainly related to course fees and was being perused using the bad debt recovery procedures.

Members of the Financial Control Committee agreed to:

- (i) note the contents of this report and its appendices;
- (ii) authorise the College to write off bad debts totalling £4,360; and
- (iii) request the College to bring a further report on the collection of debt and the bad debt provision to a future meeting of the Committee.

### **13. Statement of Recommended Practice – Accounting for Further & Higher Education**

The Chief Finance Officer informed members that the FE/HE Board of the Accounting Standards Board has issued an exposure draft of a new Statement of Recommended Practice (SORP): Accounting for Further and Higher Education with the College having until 13 April 2007 to comment on its contents.

He reported that the HE/FE SORP Board had commissioned Price Waterhouse Coopers to update the SORP and it was anticipated that the revised SORP would be published prior to 1<sup>st</sup> August 2007 and this revised document would apply to the 2007/08 accounts.

A brief discussion took place about depreciation costs.

The Chief Finance Officer reported that the draft SORP raised some areas of concerns particularly with regards to fixed asset accounting and the lack of detail in the guidance on the Operating and Financial Review. In addition there was no commentary on the inclusion of environmental or corporate and social responsibility statements within the Operating and Financial Review. He further highlighted that the College was also concerned at the proposals with regard to interim property valuations as saw no benefit in altering the current procedures especially this would result in additional costs.

The Chief Finance Officer informed members that the College intended to submit a response to the SORP.

Members of the Financial Control Committee agreed to note the contents of this report and its appendix.

### **14. Childcare Funds – Financial Year 2006/07**

The Chief Finance Officer spoke to this report informing members of the actual allocation of childcare funds to date.

He reported that as at 31<sup>st</sup> December 2006, 106 applications for childcare had been supported.

He further reported that the College will be required to vire £65,000 from the F.E. hardship Fund to the Childcare Fund to meet student demand for childcare support.

The Chief Finance Officer reminded members of the steps taken by the College to put in place an alternative childcare provider following the demise of One Plus.

Members agreed to:

- (i) note the contents of the report; and
- (ii) request the Principal and Chief Finance Officer to report back to future meetings on the progress of any future allocations of childcare funds.

## **15. Bursary Funds and Education Maintenance Allowances**

J Gow spoke to this report informing members of the actual allocation of bursary funds for 2006/07 and to apprise members of the bursary and Education Maintenance Allowance (EMA) commitment for the current year.

He reported that the initial grant allocated to the College for financial year 2006/07 was £477,900. In addition the College had made a bid for additional funds and was awarded an extra £49,087 in bursary funds. This, added to £30,900 in respect of unused funds brought forward from the previous year, produced a total of £557,887 available for student support during academic year 2006/07.

The Chief Finance Officer reported at the date of compiling the report there had been 352 bursary/EMA applications. Bursaries have been awarded to 295 full time students resulting in a commitment of £549k. EMAs have been awarded to 99 students resulting in a commitment of £92k.

Members of the Financial Control Committee agreed to:

- (i) note the contents of the report; and
- (ii) request the Principal and Chief Finance Officer to report back to future meetings as appropriate on the progress of any allocations of funds.

## **16. Further Education Hardship Fund**

The Chief Finance Officer reported that to date there has been a total of 171 applications for support from the FE Hardship Fund. Of these, 153 students have been awarded support with total funds of £71k being committed, 18 students had been refused support because they were unable to provide sufficient evidence of financial hardship.

The Chief Finance Officer reported that 75 students would receive assistance on an instalment basis throughout the academic year and that a further 78 had been awarded one off payments.

Members agreed to note the contents of the report and its appendix.

#### **17. HE Childcare Fund & HE Hardship Fund**

Mr Gow informed members of the disbursement of funds from the Higher Education Childcare Fund (HECF) and the Higher Education Hardship Fund (HEHF) for session 2006/07. He reported that the College allocation for HECF and HEHF for session 2006/07 were £11,171 and £6,800 respectively. In addition, he reported that £2,152 in respect of unallocated funds had been carried forward, however he highlighted that the clawback from SAAS in respect of previous year's underspend was £1,027. This brought the total combined funds available for 2006/2007 to £19,096.

He reported that to date there had been 26 applications for support from the HEHF. There have been 23 awards resulting in a commitment of £6,250. To date there have been 2 applications for support from the HECF. All applicants have been awarded support resulting in a commitment of £3,000.

Members agreed to note the contents of the report and its appendix.

#### **18. Developing a Financial Strategy**

The Chief Finance Officer spoke to this report informing members of the approach which the College sought to take in developing a financial strategy. He reported that the development of this strategy would inform the College planning process in early 2007 and it was anticipated that this document would be considered at the Board meeting scheduled for 21 June 2007. He also informed members that the Financial Strategy would be consistent with the other planning processes and strategies utilised by the College.

He further reported that the Policies and Practices sub-group of the Scottish Colleges Finance Managers Network (SCFMN) had published a published a 'Guide to Developing a Financial Strategy' approximately 2 years ago and that this document sought to provide a framework for the development of a financial strategy. J Gow informed members that it is the view of the College that this was a useful document which highlighted many of the key elements of a Financial Strategy and would proved to be useful the development of the College strategy.

Following discussion members welcomed the development of a Financial Strategy.

Members of the Financial Control Committee agreed to note the contents of this report and its appendix.

## **19. Risk Management**

The Depute Principal advised members that they will be asked at each Committee meeting whether there is any risks associated with any items that were discussed at the meeting.

The following points were raised by members:

### Item 10 December 2006 Budget Monitoring Report

In response to questions the Chief finance Officer informed members that the anticipated fee waiver grant is forecast in the college management accounting report therefore steps were in place to mitigate the risk associated with the failure to collect the fee waiver grant.

### Operating Costs of the East End Campus

The Depute Principal informed that the operating costs of the new campus would be significantly more than that of the Shettleston Campus. However as yet these were not possible to quantify. However the College had already included this factor into the budget planning exercise for session 2007/08.

### Pension Liability

The Chair highlighted the risk that support staff pension liabilities would have to be fully reported in the College accounts. The Chief Finance Officer reported that College currently addressed this risk under the Board's current Accounting Policy.

Following discussion members agreed that there were no new risks to be added to the College Risk Register.

## **20. Closure**

The meeting closed at 5.45pm with the Chair thanking all members for their attendance.

## **21. Date of Next Meeting**

The next meeting is scheduled for 5pm on Thursday 24 May 2007.