

John Wheatley College
Board of Management
Financial Control Committee

Minutes of the Financial Control Committee held on 24 February 2005 at 5pm, in Room T/26, Easterhouse Campus

1. Sederunt

The meeting commenced at 5pm and was attended by:

J Graham (Chair);
I Graham (Principal);
J Cope;
M Axford;
D O'Brien;
T Burton;
G Jones; and
P Craig.

In Attendance

A Kirk (Depute Principal);
A Sherry (Assistant Principal);
B Forrest (Chief Accountant);
M Brennan (Finance Advisor);
A Inglis (Assistant Principal); and
S Vaughan (for recording purposes only).

2. Apologies

None.

3. Terms of Reference

Members noted the terms of reference for the Financial Control Committee. It was confirmed that the meeting was quorate with 8 members in attendance.

4. Declarations of Interest

There were no declarations of interest expressed at the meeting.

5. Minutes of the meeting held on 10 November 2004.

Minutes of the previous meeting were taken as read. The minutes were accepted as an accurate record of the meeting held on 10 November 2004.

6. Minutes of the meeting held on 6 December 2004

Minutes of the previous meeting were taken as read. The minutes were accepted as an accurate record of the meeting held on 6 December 2004.

7. Matters arising from the minutes of the meetings held on 10 November and 6 December 2004

Minutes of the Financial Control Committee held on 6 December 2004

Item 6 – Annual Accounts – financial year 2003/04

Ian Graham reported that the College had not yet received the authority to publish the Annual Accounts for financial year 2003/04 from the Auditor General for Scotland.

8. SFEFC

a) Payment and management of bursary funds

The Principal informed members that this correspondence outlined the changes which the Scottish Further Education Funding Council (SFEFC) would make to the payment and management of bursary funds.

Members noted the contents of the correspondence.

b) Scottish Parliament Audit Committee's report on performance management of the FE sector

I Graham reported that the Scottish Parliament Audit Committee's report on performance management of the FE sector had been previously considered by the Executive Committee and that this correspondence outlines what actions SFEFC will take in response to the recommendations made in the Scottish Parliament Audit Committee's report.

I Graham highlighted action point number 2 in the SFEFC's action plan, which stated that 'In January 2005 SFEFC will refine the strategic planning guidance to colleges so that each college's plans (and reports) contain their targets for key national policies in the local context and are published'. He reported that consequently the College anticipates that it will need to refine its strategic and operational plans to take account of this direction.

In response to questions, the Principal opined that colleges would be required to produce a further number of reports in order to provide SFEFC with the information that it would require in order to address the recommendations of the Parliament's Audit Committee. This would, he contend, impose a significant opportunity cost on management time.

Members noted the contents of the correspondence.

9. Report on Cash Flow Forecast to 31 July 2005

The Chief Accountant spoke the contents of his report. He asked members to note that the income and expenditure statement in Appendix A contained an error, because the teaching staff salary figure that was highlighted in the column entitled 'annual budget 2003/04' should have been £3,645,712. Consequently he reported that the surplus deficit should have been zero. He then proceeded to highlight that if current levels of teaching staff expenditure continued, it would result in an overspend of circa £300k .

The Depute Principal informed members that the College had 'front loaded' teaching activity in the first half of session 2004/05 in order to meet the activity target agreed with the SFEFC. He reported that the most recent count of student activity had shown that the College had reached circa 32,000 weighted Student Units of Measurement (wSUM) against a target of 33,371 wSUMs. He further reported that additional student enrolment information had still to be entered into the MIS system and that in these circumstances the College was confident that it would exceed the target agreed with the SFEFC for session 2004/05. He reminded members that the College did not receive any additional funding if it exceeded the agreed target, despite incurring costs in delivering teaching activity. Similarly he confirmed, in answer to a question, that the College could not 'carry forward' activity to the next financial/academic year (except in very particular circumstances). He also reminded members that the costs of unplanned staff absence had reduced the College's ability to 'absorb' such a situation.

In response to further questions, the Depute Principal confirmed that the College had been a victim of its own success by generating increased demand for learning which it had tried to meet by responding immediately, but unfortunately it did not have sufficient resources in order to continue to provide staffing at the current level. He opined that in his view there was demand for circa 40,000 wSUM activity in the College's catchment area.

In these circumstances, I Graham informed members that regrettably the College had taken the decision to cut non-viable classes, so that it would not incur an overspend at the end of the year. He reminded members that it was a strategic objective of the Board that the College should remain in surplus and a requirement of the SFEFC Financial Memorandum that colleges did not plan for a deficit.

The Principal informed members that the College would seek to identify funding from external partners, in order to support some of the classes which would be closed as a result of this exercise. He informed members that discussions with partner agencies had already commenced to identify other sources of funding to reinstate elements of the teaching programme.

He further reported that the College intended to apply (if feasible) for funding from the European Social Fund to support community based programmes. However he stated that this was a competitive process

and there was no guarantee that the College would be successful in these applications. In response to questions, the Principal informed members that the bids would be developed by the Associate Principals for Core and Vocational Skills.

Following considerable discussion, members endorsed the approach that was adopted by the College, noting that demand within the catchment area exceeded the resources available and that the wSUM target for session 2004/05 had been, in effect, achieved. The Committee endorsed the College's proposed action to address a potential overspend. The Chair emphasised the importance of the College remaining financially secure as it ensured an appropriate range of provision for local communities. Members also noted that partner organisations had not provided resources, as they had done in previous years, in order to support community based programmes and this had resulted in the College incurring all of the costs of such provision.

The Principal further informed all present that a press release outlining the reasons for the College's actions would be issued on the morning of 25 February 2005 and would be sent to Board members for information. It was also confirmed that the members of the Financial Control Committee would receive a copy of the press release from A Sherry on 25 February 2005.

It was agreed that a detailed report on this situation would be prepared for the next scheduled meeting of the Board. In addition, the Principal agreed to continue to advise representatives of the College's staff of action taken to off-set the potential overspend and to mitigate its impact for individual members of staff (as far as was possible).

In response to a query from T Burton regarding the reason for the apparent overspend on property, the Principal confirmed that this was essentially due to the increased costs of maintaining the Easterhouse Campus building as it entered its fourth year of operation. He further informed T Burton that the College had received an additional in-year capital allocation from SFEFC and that the Executive Committee had agreed that the sum of £40,000 should be allocated for maintenance, however this adjustment was not reflected in this report.

In response to questions, B Forrest reported that the funding for adult literacy programmes had been received by the College and was included in the figures.

A Kirk reported that the College had achieved almost 90% recovery of the fee waiver (which represented the figure included in the College's budgeting assumptions). He reminded members that the budget was constructed on this assumption.

Members agreed to:

- i) note the contents of this report and its appendices;
- ii) note the College's forecast cash flow for the current financial year.

10. Report on Capital Expenditure

The Chief Accountant spoke the contents of his report, informing members that the grant money that the College expects to receive in connection with the Haghill project has not been included in this report. B Forrest asked members to note in particular the table in Appendix 1 of the report, which summarised the capital grants which had been received by the College over the last 2 (two) years and summarised how the College had spent the grants.

With reference to SFEFC circular 53/04, he reported that the College still had all of this infrastructure money to spend, but that it was committed as demonstrated.

He further reported that expenditure has just commenced on the grant provided under SFEFC circular 40/04.

Regarding circular 37/03, he stated that a large proportion of this grant (£52,800) remained unspent as it was earmarked for "Absence Management Systems". He also indicated that the funding that was allocated for IT projects had been spent by R Boyd.

Regarding the 'disability expenditure' that was referred to in the last page of the Appendix (Circular 12/03), B Forrest reported that the bulk of the SFEFC funding that was awarded for this purpose had been spent on the construction of toilets at the College's Queenslie Construction campus.

Overall, B Forrest reported that most of the funding that was received by the College had been spent on the maintenance of the College's estate, disability-related factors and ensuring that the College was financially stable.

A Kirk reminded members that the Board had agreed to the listed expenditure at a previous date and stated that, with the exception of the property underspend, all of the available funding that had resulted from the IT underspends was being utilised for the new build project. The Principal stated that the formulaic allocation of capital that the College receives was £105,000 per year. Following a request by the Principal, it was agreed that B Forrest's paper would be referred to the Capital and ICT Committee.

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

11. Report on Outstanding Cheques

The Chief Accountant reported that the College was required by the External Auditors to request the write off of any uncleared cheques of more than 6 months duration. Subsequently, B Forrest stated that he sought permission to write off cheques to the value of £1,357.21. Members agreed to:

- i) note the contents of this report and its appendices; and
- ii) give permission to write off the sum of £1,357.21.

12. Student Funding Process

B Forrest apprised members of the process of reclaiming unspent student support funds and also amendments to the payment and management of bursary funds. B Forrest reminded that this item had also been largely covered under item 11.

Members agreed to note the contents of this report.

13. Financial Management Group Report

The Chief Accountant informed members that a subcommittee of the Scottish Colleges' Financial Management Network had recently been established with a view to creating a template document for financial report systems (attached as an appendix to this report) .

B Forrest stated that this paper was presented for the information of the members of the Financial Control Committee only.

He advised that it was unlikely that this would be adopted by the College – it appeared to be overly complex and unlikely to yield material benefits to the College. Members endorsed this assessment.

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

14. Review of College Financial Forecasts – 2003/07

The Principal spoke the report, which sought to provide information, collated by the SFEFC, in respect of its analysis of Further Education College financial forecasts for 2003/07. He reported that the majority of the Colleges were projecting operational surpluses for financial year 2005/06 and are predicting liquidity. I Graham further confirmed that the aggregate surplus on accumulated income and expenditure accounts is expected to increase.

Members agreed to note the contents of the Principal's report and its appendix (FE circular letter: 49/04).

15. Bursary Funds and Education Maintenance Allowances – Academic Year 2004/2005 – Update Report

The Chief Accountant spoke the report, informing members that the number of students who had withdrawn from the College prior to the receipt of a full-time bursary award was 6 and that the number of outstanding applications pending was 8. He confirmed that the total Bursary funds committed for 2004/05 was £526,154. As a result, there had been little scope (if required) to offer Bursaries to full-time students who may have commenced programmes in January 2005, as had previously been the case.

In addition, he reported that a total of 93 Education Maintenance Allowances (EMA) had been awarded.

The Principal informed members that the College had received a reduction in its Bursary fund allocation for session 2004/05, as a result of its participation in the EMA pilot programme. He reminded members that the pilot programme had offered students under 18 years old a more attractive support package than that offered by the Bursary system. This had resulted in fewer young people seeking Bursary support, and consequently the Bursary allocation that was made to the College in session 2004/05 had been reduced. This reduction had limited the number of full-time students which the College could enrol.

B Forrest confirmed that the proposed cutbacks that the College would have to make, such as the cancellation of some classes, would have no effect on the figures that were outlined in this paper.

A Kirk reminded members that the clawbacks represented underspends from previous years and that the College had utilised allocation for the current session.

Members agreed to:

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

16. Further Education Hardship Fund – Academic Year 2004/2005 – Update Report

B Forrest spoke this report, informing members of the disbursement of Further Education Hardship Funds for session 2004/2005. It was noted that almost all of the Further Education Hardship Fund had been disbursed, and that from a total of £85,678, available for 2004/05, £80,008 had been spent, leaving a surplus of £5,670.

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

17. Mature Student Bursary Fund & Higher Education Hardship Fund – Academic Year 2004/2005 – Update Report

The Chief Accountant spoke the contents of this report, informing members that the balance of funds for 2004/2005 was £10,252. He reported that a total of 12 female students and 6 male students had been awarded Mature Student Bursary Funds and that a total of 20 female students and 10 male students were awarded Higher Education Hardship Fund grants.

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

18. Childcare Funds – Financial Year 2004/2005

B Forrest spoke the contents of this report, apprising members of the allocation of childcare funds to date. He reported that the childcare figures were compiled on 21 February 2005 and that the College had a projected overspend of £10,311. A Kirk reported that in October and November of 2004 it had appeared that this funding was fully committed and that in these circumstances he had authorised committing more resources towards childcare (up to a maximum of 10%) in the knowledge (gained from previous patterns) that this would taper off. He reminded members that they had previously been informed of this and had endorsed this approach. In response to questions, he confirmed that the above figure was within this limit.

Members subsequently agreed to:

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

19. Closure

The meeting closed at 6.10pm, with the Chair thanking all members for their contribution.

20. Date of Next Meeting

The next meeting is scheduled for Thursday 31 March 2005 at 5.00pm in the Alex Viola Room (SO9), Easterhouse Campus.