

John Wheatley College
Board of Management
Financial Control Committee

Minutes of the Financial Control Committee held on Wednesday 1st September 2004 at 5.00pm in Room SO9, Alex Viola Suite, Easterhouse Campus.

1. Sederunt

The meeting commenced at 5pm and was attended by:

J Graham(Chair)
J Cope(from 5.10pm);
M Axford;
G Jones; and
I Graham(Principal)

In Attendance

A Kirk (Depute Principal);
B Forrest (Chief Accountant);
M Brennan (Financial Adviser);
A Sherry (Assistant Principal/Secretary to Board); and
S Wilkie (for recording purposes only)

2. Apologies

P Craig
C McMaster

The Principal advised that Item 11 had been withdrawn.

3. Declaration of Interest

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

4. Terms of Reference

The Chair advised that the terms of reference require to be updated for the Financial Control Committee as Joe Dobson was no longer a Board Member. He indicated that it was anticipated that a replacement would be appointed following the recruitment exercise currently being conducted by the Board. It was confirmed that the meeting was quorate with 5 members in attendance.

5. Minutes of the previous meeting of the Financial Control Committee held on 20th May 2004.

The minutes of the previous meeting were taken as read. There were no corrections for accuracy. They were accepted as an accurate record of the meeting held on 20th May 2004.

6. Matters arising from Financial Control Committee Minutes held on 20th May 2004.

There were no matters arising from the meeting held on 20th May 2004.

7. Correspondence

(a) Marsh - Terrorism Insurance Update

Members noted this correspondence.

(b) SFEFC - Accounts Direction for Session 2003/04

I Graham confirmed that the Board had referred this correspondence to this Committee for further consideration. He reminded members that this circular contained the new Accounts Direction for session 2003/04 and that this had required the Board to agree to additional meetings to ensure that the College complied with this guidance.

The Principal noted that the circular also detailed how colleges would be required to treat pension liabilities and that all colleges were now obliged to use the pension tables which are provided by Deloitte. In response to questions the Chief Accountant confirmed that the tables conformed with the new SORP guidance.

B Forrest confirmed that this correspondence was in line with the benchmarking exercise conducted by KPMG on behalf of SFEFC.

(c) Office of the Scottish Charity Regulator - Seminar Information

The Principal advised that B Forrest would attend this seminar.

(d) ASC - SPPA: Teachers' Superannuation (Scotland) Amendment (No 2) Regulations 2004

I Graham confirmed that the College had not responded to this communication, he reported that SPPA had sent a copy of a Scottish Statutory Instrument to all college Principals in August 2004 and therefore the College was legally bound to follow this direction.

The Principal advised that this document would be placed on the agenda of the next scheduled Joint Consultative Committee.

8. Financial Monitoring Statements 1 August 2003 to 31 July 2004

B Forrest spoke to his report and informed members of the financial performance for the financial year from 1 August 2003 to 31st July 2004. However he reminded members that this was a draft position and that finalised accounts would be produced in due course.

The Chief Accountant confirmed that appendix 1 was a comparison with the forecast considered by the Board of Management at its meeting in March 2004.

He highlighted the information that teaching staff costs show a slight increase over forecast. Support Staff Costs were down due to an error in the forecast in that a 13th payment was excluded from this exercise. The Chief Accountant advised that if depreciation in overheads was excluded there was an overall adverse variance of £12,441. However when SORP guidance is applied the College would be in surplus.

In response to questions B Forrest reported that grants show a fall in respect of Adult Literacy and Numeracy income due to a change in the funding provided to the College from the Scottish Executive.

The Chief Accountant noted the College is showing a slightly reduced surplus over that forecast. It was emphasised that these accounts are still subject to audit.

Members agreed to:

- (i) note the contents of both reports and its appendices;
- (ii) note the College's draft financial position for the year; and
- (iii) request the Chief Accountant to bring forward the finalised report when completed to an appropriate future meeting of the Committee.

9. Report on Financial Forecast Response

I Graham reported that Brian Baverstock, Depute Director of SFEFC's GMAP section, had written to the College in July 2004 indicating that they proposed to visit the College on 19 August 2004 to review the Strategic Plan 2004/07 and the Financial Forecast Return (FFR). In response the Principal requested an agenda in advance of the proposed meeting as is College practice. No such agenda was forthcoming within an appropriate timescale therefore the College postponed the meeting until 30 August 2004. Subsequently an agenda for the meeting was produced by GMAP which contained 26 questions relation to the FFR, a number of which were inappropriate (for example the cost of College halls of residence) and number which required detailed investigation of the figures which supported the information previously provided to GMAP. The meeting took place as scheduled on 30 August 2004.

In response to questions the Principal confirmed that GMAP were satisfied with the responses provided by the College. However there remained some minor technical issues which required further clarification. B Forrest confirmed that he would respond to these points in due course.

The Principal informed members that an update report of the meeting and the details of the College's later responses to the SFEFC would be considered at the next scheduled meeting of the Financial Control Committee.

Following discussion B Forrest confirmed that there was no change to the bottom line information contained in the FFR following the technical adjustments which had been made.

Members noted the report and its appendix.

10. Report on Infrastructure Grant 2003/04

B Forrest spoke to his report and reminded members that the College received an Infrastructure Grant of £103,589 for session 2003/04.

The Chief Accountant advised that Appendix A contains a summary of the expenditure made during 2003/04, this has amounted to £77,890 however it was noted that the remainder of the balance had been committed.

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

11. Childcare Funds: Year to 31 July 2004

This item was withdrawn with the agreement of members. It had not been possible to compile the associated data within a reasonable timescale for the consideration of the Committees.

12. Bursary Funds and Education Maintenance Allowance - Update Report.

Mr Forrest spoke to this report and advised members of the actual allocation of bursary funds for 2003/04 and updated members on the commitment of bursary fund and E.M.A. to date.

Mr Forrest confirmed that total funds available for student support during 2004/05 are £603,675.

Mr Forrest advised that to date there has been a total of 341 bursary/EMA applications. There have been 294 bursary awards, of which 95 have been withdrawn, 10 applicants were ineligible for an award due to having already received bursary support and 15 students failed to start their courses. 16 students withdrew prior to their applications being processed. There are currently unallocated funds totalled £166k for 2004/05 mainly as a result of the availability of E.M.A. for young students.

A Kirk advised that the College is in receipt of a report by the SFEFC advising the College that they will clawback any monies which relate to College underspend.

Members agreed to:

- (i) note the contents of this 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.

13. Mature Student Bursary Fund & Higher Education Hardship Fund: Year to 31 July 2004

B Forrest advised members of the disbursement of funds for the session 2003/2004 and emphasised that no changes have taken place since the last report that was presented to this Committee.

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

14. Young Student Retention Fund: Year to 31 July 2004

B Forrest spoke to this report and advised members of the disbursement of funds for Session 2003/04.

Mr Forrest added that the College's gross allocation for session 2003/04 was £20,502.

He reported that there had been a total of 126 applications. Of these, 98 applications have been approved and 28 applications were rejected because the student did not meet the criteria for support.

A Kirk confirmed that the College have overspent this fund by £29,000. These funds would therefore be augmented by transfers from other funding streams (as achieved by regulation).

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

15. F.E. Hardship Fund : Year to 31 July 2004

B Forrest spoke to this report and advised members of the disbursement of funds for session 2003/04.

He confirmed that the College had £107,541 available for the disbursement to students during 2003/04.

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

16. The Draft Charities and Trustee Investment (Scotland) Bill

The Principal advised that the Scottish Executive is currently consulting on this draft Bill.

He confirmed that the criterion that applies to organisations being regarded as charitable within the UK are as follows:

- i) it must have purposes that are recognised as exclusively charitable ;and
- ii) that it must be established for public benefit.

In response to questions the Principal confirmed that the College would seek to maintain its charitable status. A Kirk informed members currently financial benefit to the College is approximately £30,000 - £40,000 per annum.

The principal also informed members that B Forrest would represent the College organised by the Office of the Charities Regulator which was intended to explore how the proposed legislation would impact on organisations.

Members noted the report and its appendix

17. Projects Involving Funding from the European Union

A Kirk spoke to his report informing members of the EU funded projects in which the College had been involved with during session 2003/04. These had been used to provide additional or enhanced provision. These were:

a) Greater Easterhouse Learning Network

This is a European Regional Development Fund revenue project in which the College is the applicant. The total value of the project is £588,372, the College's contribution is £310,681.

b) Glasgow Employment Multiplier (GEM)

This is a European Social Fund(ESF) project in which Glasgow City Council is the applicant and the College is a partner. The total value of the project is £1,585,688. The College's contribution is £378,196.

c) Building Glasgow's People

This is a European Social Fund (ESF) project in which Cardonald College is the applicant and the College is a partner. The total value of the project is £538,525. The College's contribution is £60,287.

d) Widening Access

This is a reserve list ESF project. The College is the applicant. The total value of the project is £275,000. The College's contribution is £151,250.

e) Digital Recording Studio

This is a reserve list ERDF capital project. The College is the applicant in this project. The total value of this project is £103,000. The College's contribution is £77,250.

Following discussion members agreed to:

- (i) note the contents of this report;
- (ii) note the College's financial commitment to these projects; and
- (iii) request the Depute Principal the College to provide an update report at an appropriate future meeting of the Financial Control Committee.

18. Financial Security: Benchmarking of Costs 2002/03

The Principal informed members that this was an exercise which SFEFC had undertaken led by KPMG consultants. He further informed members that SFEFC had agreed to pay for the first year only and that it was anticipated that colleges would provide the funding to support the continuation of the project in future years.

He indicated that this data suggests that large single site colleges are most cost effective and that there is additional cost for those colleges which operate on a multi-campus basis. The Principal reminded members that in order to serve the local communities within its catchment area it was essential that College had learning facilities throughout the East End and Greater Easterhouse.

Members noted that the data provided by KPMG indicated that staff salaries were at or around the sector norm.

In response to questions the Principal confirmed that Michael Brennan would provide a detailed analysis of the KPMG data for consideration at Board of Management meeting scheduled for 7 October 2004.

Members agreed to:

- (i) note the contents of the Principal's report;
- (ii) note the report's annexes in respect of the SFEFC/KPMG Sector Benchmarking Exercise for the FE Sector in Scotland;
- (iii) note that the College will be represented at the SFEFC Benchmarking Seminar to be held on the 28 September 2004; and
- (iv) request the Financial Adviser to the Board, provide a detailed analysis of the conclusions of the Benchmarking exercise at the meeting of the Board of Management scheduled for 7 October 2004.

19. Schedule of Meetings - Session 2004/05

Mr Graham advised that this schedule would now be included within the Terms of Reference for this Committee.

Members agreed to

- (i) note the contents of this report and its appendix; and
- (ii) note the schedule of meetings for the Committee.

20. Closure

Having discussed all items on the agenda the Chair of the Committee thanked members for their attendance. The meeting closed at 6.05pm.

21. Date of Next Meeting

The next meeting is scheduled for 14 October 2004 at 5pm in the Alex Viola Room, Easterhouse Campus.