

John Wheatley College
Board of Management
Financial Control Committee

Minutes of the Financial Control Committee held on Thursday 30 March 2006 at 5pm in Room SO9, Alex Viola Suite, Easterhouse Campus.

1. Sederunt

The meeting commenced at 5pm and was attended by:

T Burton (Chair);
J Cope (co-opted member); and
I Graham (Principal).

In Attendance

A Kirk (Depute Principal);
J Gow (Chief Finance Officer);
M Brennan (Financial Adviser to the Board);
A Sherry (Assistant Principal); and
S Wilkie (for recording purposes only).

2. Apologies

E Gillespie (co-opted); and
A Woolley.

3. Terms of Reference

Members noted the terms of reference for the Financial Control Committee.
It was confirmed that the meeting was quorate with 3 members in attendance.

4. Declarations of Interest

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

5. Minutes of meeting held on 23 February 2006

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 23 February 2006.

6. Matters arising from the minutes of the meeting held on 23 February 2006

There were no matters arising from the previous minute.

7. Budget Monitoring Report – February 2006

The Chief Finance Officer spoke to his report on the reporting period based on the seven month period to 28th February 2006. He informed members that a summary sheet providing high level information on performance against budgets and projected income and expenditure was attached to the report.

J Gow reported that the College in continuing to underspend on staff costs due to permanent lecturer and support staff vacancies. He noted that that these vacancies have not been filled as quickly as initially expected.

J Gow advised members expenditure on staff costs has been carefully monitored and controlled by management, activity levels are also important. He confirmed that projected activity levels and an updated estimate of the fee waiver grant are not yet available, he noted that the purposes of the budget monitoring exercise it had been assumed that the College will not achieve the full 100% of the fee waiver grant.

J Gow advised members that he anticipated to immediate problems.

He further reported that the College overall was still projecting a surplus of £56k.

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

8. Change to the Requirement to make a Financial Forecast Update (FFU) Return

J Gow spoke to this report advising members of the changes in reporting to the Scottish Funding Council in submitting a Financial Forecast Update (FFU).

J Gow reported that based on the February 2006 budget monitoring report, the College does not currently anticipated a material deterioration in its performance for 2005/06 and therefore does not intend to make an exception report to the SFC under the terms of the circular.

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

9. Report on Cash Flow to 28th February 2006

Mr Gow spoke to this report informing of members of the College's cash position as at 28th February 2006.

He reported that the College had received £1,867k in grant income from the Scottish Funding Council and £509k from Scottish Enterprise Glasgow and the Strathclyde European Partnership (SEP) in respect of grant assistance for the new East End Campus. He also reported that total cash expenditure on the new build from August 2005 to the end of January was £1,228k.

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

10. FRS 17 – Retirement Benefits

Mr Gow spoke to the report informing members of the way in which the College has implemented FRS 17 – Retirement Benefits. He confirmed that this was reviewed at the 3rd September 2005 meeting of this Committee, however, Audit Scotland requested that no changes be made to the 2004/05 draft accounts. He confirmed that FRS 17 was issued by the Accounting Standards Board in November 2000. The main objective of the FRS was to ensure that financial statements reflect the fair value of the assets and liabilities arising from an employer's retirement benefit obligations.

Mr Gow advised members that the College currently accounts for the SPF (Strathclyde Pension Fund) scheme as a defined benefit scheme. He noted that the College requests an actuarial valuation of the scheme each year and uses these figures as a basis for making the appropriate FRS 17 disclosures in the accounts.

Mr Gow reported that members of the College's Board of Management are required to decide upon the most appropriate treatment as at present there is no clear indication that any of the interested parties namely SFEFC or Audit Scotland will produce definitive guidance prior to the end of the financial year.

Mr Graham reported that Mr Gow's paper should be presented to the next Board of Management detailing how the College intends to meet FRS 17.

A brief discussion took place on the likelihood of a shortfall in funding for the College.

Members of the Financial Control Committee agreed to:

- (i) note that the College has reviewed the disclosure of the SPF scheme for the 2005/06 accounts as requested by Audit Scotland;
- (ii) requested the College to refer the report to the Audit Committee for their comment and to allow Audit Scotland to express their view on the treatment of the SPF scheme for the 2005/06 accounts.

11. FRS 15 Valuation of the Easterhouse Campus

J Gow spoke to this paper and advised members of the steps the College is taking to comply with the accounting standard and the potential implications.

The College has not treated the land at Easterhouse as a separate asset as a result of the previous valuation. He noted that the depreciation charge relating to Easterhouse has been fully offset by the release of deferred capital grant, there has been no net impact upon the College income and expenditure account.

The Principal advised that the College will appoint a surveyor to provide a valuation of the Easterhouse land and building owned by the College as at 31st July 2006. The surveyor will decide on the most appropriate basis for the valuation, if the valuation increases the value, depreciation changes would increase from the 2006/07 financial years onwards and noted that this cannot be offset by additional release of deferred capital grants.

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

12. Public Procurement in Scotland

The Principal spoke to this paper and informing members of recent developments in Public Procurement in Scotland. He advised members that in light of these developments the College would require to review its current procurement policies and the associated Financial Regulations.

The Principal reported that the Scottish Executive has recently published a 'Review of Public Procurement in Scotland – Report and Recommendations'. This review was led by John F McClelland CBE. He noted that the review praised the ABC (Authorities Buying Consortium initiative in West Central Scotland and confirmed that the College is already a member of that organisation.

The Principal outlined the main areas that the review is expected to impact on namely College Governance, College Procurement Policy and the management of capital projects etc.

The Principal advised members that the Review's Implementation Plan suggests that its recommendations be implemented by 31 March 2008. He confirmed that College's Financial Regulations will require to be reviewed regularly during the intervening period to ensure compliance with the Executive's Review.

The Principal confirmed that this will also require to be taken into account in future Audit Needs Assessments (ANA) conducted on behalf of the Board of Management. He advised that this report be referred to a future meeting of the Boards Audit Committee.

Members of the Financial Control Committee agreed to:

- (i) note the contents of the Principal's report;
- (ii) note the Executive Summary of the Scottish Executive's 'Review of Public Procurement'.
- (iii) For the College to review its Financial Regulations to ensure its compliance with the expected changes in Public Procurement in Scotland which will be made by 31 March 2008; and
- (iv) For this report to be referred to the Board's Audit Committee (to ensure the College's compliance with the Executive's developing Procurement Guidance).

13. Bursary Funds and Education Maintenance Allowances – Academic Year 2005/2006 - Update Report

J Gow spoke to this report informing members of the actual allocation of bursary funds for 2005/06 and the bursary and EMA commitment for the current year.

The Chief Financial Officer reported at the date of compiling the report there had been 362 bursary/EMA applications. Bursaries have been awarded to 302 full time students resulting in a commitment of £392k. EMAs have been awarded to 142 students resulting in a commitment of £99k.

Members of the Financial Control Committee agreed to:

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

14. Further Education Hardship Fund – Academic Year 2005/2006

The Chief Finance Officer reported that to date there has been a total of 220 applications for support from the FE Hardship Fund. Of these, 161 students have been awarded support, 37 students will receive assistance on an instalment basis throughout the academic year and a further 124 were awarded one off payments. The Chief Finance Officer also reported that 59 students had been refused support because they were unable to provide sufficient evidence of financial hardship.

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

15. Higher Education Childcare Fund & Higher Education 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 2005/06. He reported that the College allocation for HECF and HEHF for session 2005/06 were £11,250 and £7,777 respectively. In addition, he reported that £7,792 in respect of unallocated funds had been carried forward. This brings the total combined funds available for 2005/2006 to £21,366. He reported that to date there had been 39 applications for support from the HEHF. There have been 35 awards resulting in a commitment of £11,125. To date there have been 5 applications for support from the HECF. All applicants have been awarded support resulting in a commitment of £8,000.

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

16. Childcare Funds – Financial Year 2005/2006

The Chief Finance Officer informed members of the allocation of childcare funds to date. He reported that the funding allocated to childcare support for financial year 2005/06 and that this allocation was to be used entirely by

providing support towards the childcare costs of the full and part time students undertaking non-advanced further education programmes. He reported that 79 applications had been received by the College as of 22nd March 2006.

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.

17. Closure

Having discussed all items on the agenda the Chair of the Committee thanked members for their attendance. The meeting closed at 5.45pm.

18. Date of Next Meeting

Members were advised that the next meeting of the Committee would take place on Wednesday 17 May at 5pm in Room SO9, Easterhouse Campus.