

John Wheatley College
Board of Management
Financial Control Committee

Minutes of the Financial Control Committee held on 31 March 2005 at 5pm, in Room S/09, Easterhouse Campus

1. Sederunt

The meeting commenced at 5pm and was attended by:

J Graham (Chair);
I Graham (Principal); and
G Jones.

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

Martin Axford
Catherine McMaster
Tom Burton
Peter Craig
Jim Cope

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

No declarations of interest were expressed at the meeting.

5. Minutes of the meeting held on 24 February 2005

Minutes of the previous meeting were taken as read. The minutes were accepted as an accurate record of the meeting held on 24 February 2005.

6. Matters arising from the minutes of the meeting held on 24 February 2005

Item 9 - Report on Cash Flow Forecast to 31 July 2005

The Principal reminded members that a paper had been considered by the Board of Management at the meeting held on 17 March 2005. which explained more fully the action which the College had taken regarding the review of teaching provision. In addition, he reported that regrettably the East End Social Inclusion Partnership (SIP) had informed the College on 31 March 2005 that it was unable to provide the College with funding which would make it possible for the College to reinstate some of the classes that the College had previously been forced to cancel.

7. Correspondence

a) SFEFC

i) Funding for academic year 2003-04

The Principal reported that the correspondence detailed the additional in-year payments which had been made by the Scottish Further Education Funding Council (SFEFC) to colleges and other organisations in academic year 2003-04. He stated that the College had received £179,500 from the SFEFC as additional one-off resources. Members noted the contents of the correspondence.

ii) Re-phasing of colleges' core recurrent grant payments

Members noted the contents of the correspondence, which informed the College of a re-phasing of around 55% of the College's July main recurrent grant payment into the March payment. The Chief Accountant confirmed that this change more appropriately reflected expenditure patterns and would assist the College.

b) ASC – Efficient Government Initiative

Members noted the contents of the correspondence, which outlined the college sector response to the Scottish Executive's Efficient Government Initiative (EGI), the broad project themes for use when applying for 'Invest to Save' project funding and notified Colleges of forthcoming sub-group meetings to develop these project ideas into 'Invest to Save' Stage 1 bids. The Principal informed members that the College was listed as one of the consultees for this initiative.

8. Nominations for a new Chair of the Financial Control Committee

The Principal spoke to the report prepared by the Clerk to the Board, which updated members on the appointment of Tom Burton as the new Chair of the Financial Control Committee following the retirement of Mr Jimmy Graham on 31 March 2005. The Principal requested that it be minuted that the College owed J Graham a huge debt of thanks for his long standing service to the College as the Chair of the Financial Control Committee and his previous membership of the Audit Committee.

Members subsequently agreed to note the appointment of Mr Tom Burton as the Chair of the Financial Control Committee.

9. Financial Monitoring Statements for the Period from 1 August 2004 to 28 February 2005

The Chief Accountant apprised members of the College's financial performance for the first seven months of the financial year 2004/2005 from 1 August 2004 to 28 February 2005. J Graham requested that a minor alteration should be made to the report and that the phrase "for the first six months of the financial year" in the introduction section should be changed to "for the first seven months of the financial year". This alteration was agreed by all present.

B Forrest highlighted the main features of the income and expenditure statement. He reminded members that at the previous Financial Control Committee meeting the issue of the projected overspend on teaching staff costs had been highlighted and that steps had been taken to address this. However the full impact of the action which had been taken had not yet work through to the figures for this reporting period. He further informed members that the adverse variance in support staff costs was caused by an understatement of a proportion of the increased teaching staff superannuation contributions relating to College management (who were included in this budget line). Furthermore, he reported that variances in overheads had been caused by a phasing of the budgets being out of alignment with actual expenditure and that it was not anticipated that there would be a significant variation from the budget at the end of the academic/financial year (31 July 2005).

The Chief Accountant also reported that depreciation had been recalculated for the purposes of the financial forecast update due on 31 March 2005 and that it remained in line with budget. With regards to income, he reported that the main areas of variance were "Other Grants" where "Adult Literacy and Numeracy" grants are less than had been budgeted for as a result of changes by the Scottish Executive in the way that this grant was allocated therefore this would be a permanent variance. He further reported that the Deferred Capital Grants had been written back in line with the budget and were not expected to change. In addition, he confirmed that the total balance of the College's bank accounts as of 28 February 2005 was £531,338.89.

Having heard the Chief Accountant members agreed to:

- i) note the contents of this report and its appendices;
- ii) note the College's financial position for the period; and
- iii) request the College to bring forward a further report on progress at a future meeting of the Committee.

10. Financial Forecast to 31 July 2005

The Chief Accountant informed members of the annual Financial Forecast Update, which the College intended to submit to the Scottish Further Education Funding Council (SFEFC). B Forrest reminded members that the Principal had previously explained the issues in relation to teaching staff costs.

The Principal informed members that the College had spent £500,000 as part of building design and other costs for the new East End campus, which would be recorded in the Chief Accountant's report. B Forrest informed members that this sum of money was being recorded as a deferred grant.

The Chief Accountant reported that he was forecasting a surplus of £5,000 and that he had not taken accelerated depreciation into account for this forecast. B Forrest asked members to note that there was a limit to the amount of information that could be included in the balance sheet about the new build project, because the College did not yet have the final details of the funding package for this project. He reported that effectively no account had been taken of the new build project in the forecast, other than to recognise in the Balance Sheet some consultancy fees and the purchase of the land. This cost had been included as Fixed Assets – Other.

Having heard Mr Forrest and the Principal, members agreed to:

- i) note the contents of this report and its appendix; and
- ii) approve the submission to the Scottish Further Education Funding Council.

11. Report on Cash Flow Forecast to 31 July 2005

The Chief Accountant informed members of the College's cash flow forecast to 31 July 2005 as estimated at 28 February 2005. He reminded members that the cash flow did not include Student Funds. He reported that with regard to the "New Build", there had been expenditure of £300k included in March 2005 in respect of the purchase of land and included in creditors throughout the period to date. He further reported that Consultancy Fees of £360k were also detailed in the report. He informed members that the College had applied for a grant of £500k for the East End Social Inclusion Partnership, which it

expected to receive from Glasgow City Council at the end of March 2005.

M Brennan informed members that some of the figures in relation to the benchmarking of costs had changed. He also reported that the number of indicators had been drastically reduced. The Principal further reported that the low rate of 69% in the utilisation of teaching staff was partly explained by the College's high staff absence rates. This might, he suggested, be an issue which should be explored further in the College's value-for-money agenda for 2005/06.

The Principal informed members that the Financial Control Committee would have to consider some of the areas which were highlighted in the report when considering next year's budget. He further informed members that this information would be considered at an appropriate Joint Consultative Committee.

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.

12. Management of Bursary Funds

The Chief Accountant spoke to the report which apprised members of the contents of SFEFC Circular letter FE/02/05 on the subject of In-year management of bursary funds. He reported that because of the clawback of bursary funds the Funding Council had invited the College to submit an application for additional bursary funds. He informed members that the College had subsequently submitted an application for an additional £32,000, which constituted the difference between the amount of money that the College had spent this year and the amount of money that it had received. He stated that the College was currently awaiting feedback from the Funding Council regarding whether its application had been successful.

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

13. Report on Fee Waiver Grant Settlement

The Chief Accountant spoke to the contents of his report which apprised members of the current position with regard to the Fee waiver claims which are settled in March of each year. He stated that the College was due to repay a shortfall in Fee Waiver for 2003/04 of £65,794 and that this shortfall was provided for in the Accounts for 2003/04. He confirmed that the College was on target to meet the most recent estimate of Fee Waiver for 2004/05.

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

14. Proposed Disposal of Shettleston Property

The Chief Accountant spoke to the contents of his report which apprised members of the effect that the disposal of the College's property at Shettleston would have on the Annual Accounts of the College. He reminded members that the Shettleston Campus building had been gifted to the College from the local authority and reported that the accelerated depreciation would have an overall adverse effect of £109k in the years 2004/5 to 2006/7.

Following discussion members endorsed this proposed treatment of the depreciation of the Shettleston campus in future financial statements. These discussions would, it was suggested, also have to involve Audit Scotland as the College's external Auditors.

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

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

The Chief Accountant informed members of the actual allocation of bursary funds for 2004/2005 and the bursary and Education Maintenance Allowance (EMA) commitment for the current year. He reported that at the date of compiling the report, the College had received 370 bursary/EMA applications. He stated that bursaries had been awarded to 320 full time students, resulting in a commitment of £432k and that EMAs had been awarded to 113 students, resulting in a commitment of £89k.

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

The Chief Accountant reported that to date there had been a total of 226 applications for support from the FE Hardship Fund. Of these, 219 students had been awarded support, 69 students would receive assistance on an instalment basis throughout the academic year and a further 150 were awarded one off payments. He stated that 7 students were refused support because they were unable to provide sufficient evidence of financial hardship.

In response to questions the Chief Accountant confirmed that the College would inform students that further applications could be made to this fund.

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 informed members of the disbursement of funds from the Mature Student Bursary Fund (MSBF) and the Higher Education Hardship Fund (HEHF) for session 2004/2005. He reported that the College's allocations for MSBF and HEHF for session 2004/2005 were £23,395 and £2,023 respectively. In addition, he stated that £8,659 in respect of unallocated Mature Student Bursary Funds had been brought forward from previous years, bringing the total combined funds available for 2004/2005 to £34,077. He reminded members that, as in previous years colleges can request approval from SAAS to vire up to 40% of either fund's allocation into the other fund if demand requires. He stated that approval had been requested and granted for the College to vire up to £9,358 from MSBF to HEHF during 2004/2005. He reported that to date there had been 19 awards from the MSBF and 30 awards from the HEHF.

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

18. Childcare Funds – Financial Year 2004/2005

The Chief Accountant informed members of the allocation of childcare funds to date. He reported that the funding allocated to childcare support for financial year 2004/2005 was £163,812 and that this allocation was to be used entirely by providing support towards the childcare costs of the College's full and part time FE students. He advised members that this support comprised the initial allocation before clawback of surpluses and retention. He stated that the College had brought forward a surplus of £115,012 from 2003/04, giving a total of £203,403 of available funds after provision for future clawbacks and that 79 childcare applications had been received by the College as of 21 March 2005. The Depute Principal reminded members that they had previously agreed to an overspend of 10% of these funds in order to meet student demand. In response to questions he confirmed that this was being closely monitored by the College and that it was now anticipated that spending on childcare would come in on budget.

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 childcare funds.

19. Closure

The meeting closed at 5.55 pm, with the Chair thanking all members for their contribution. The Principal again thanked Jimmy Graham for all of his support of the College in the past and wished him and his wife all the best for the future.

20. Date of Next Meeting

The next meeting is scheduled for Wednesday 18 May 2005 at 5.00 pm in the Alex Viola Room (SO9), Easterhouse Campus.

P:\IGDAF\Secretariat\March 2005\Minutes\31 March - FCC mins.doc