

John Wheatley College
Board of Management
Financial Control Committee

Minutes of the meeting of the Financial Control Committee held on Tuesday 17 November, 2009 at 5 pm in Room S/09, Easterhouse Campus.

1. Sederunt

B Rooney (Chair);
R Blyth;
J Strang;
A Woolley; and
J Sweeney (Co-opted Member).

In Attendance:

A Kirk (Depute Principal);
A Inglis (Assistant Principal);
J Gow (Chief Finance Officer); and
L McEwan (for recording purposes only).

2. Apologies

I Graham (Principal);
J Cope (Fellow of Board); and
S Double (Finance Manager).

3. Terms of Reference

Members noted the terms of reference for the Financial Control Committee. It was confirmed that the meeting was quorate with 5 (five) members in attendance.

4. Declarations of Interest

There were no declarations of interest recorded at the meeting of 17 November, 2010.

5. Minutes of the meeting held on 30 September, 2009

The minute of the meeting was accepted as an accurate record of the meeting held on 30 September, 2009.

6. Matters arising from the minutes of the meeting held on 30 September, 2009

Item 7b i) – Correspondence from Scotland’s Colleges – Procurement Capability Assessments (letter from Nigel Paul [APUC] to Linda McTavish & letter from John Swinney MSP to Chief Executives of Public Bodies)

The Depute Principal informed those present that Angus Warren (Chief Executive, APUC) had recently visited the College to meet with members of the Senior Management Team. Members noted Mr Warren's intention to implement changes within APUC which would, in time, address almost all of the concerns which the College and its Board entertained about APUC and related developments.

7. Correspondence

a) Scottish Funding Council

i) SFC Circular 34/2009 – Financial Statements and Returns 2008/09

The Chief Finance Officer spoke to the contents of the Circular issued by the Scottish Funding Council (SFC) which sought to request the College to submit copies of its audited 2008/2009 financial statements and associated supporting information by 31 December, 2009.

Members of the Financial Control Committee agreed to note the contents of the SFC Circular.

8. Final Annual Accounts – 2008/09

The Chief Finance Officer spoke to the contents of the report which sought to provide members of the Financial Control Committee with the draft of the College Annual Report and Accounts for the 2008/09 financial year prior to its consideration by the Audit Committee and formal approval at the Board meeting scheduled to take place on 3 December, 2009.

Members noted that the early draft of the accounts considered at the Financial Control Committee meeting of 30 September, 2009 were passed to KPMG on 24 September in advance of the external audit. Members further noted that no changes to this draft had been made as a result of the audit.

J Gow informed member that the College had a surplus of £51k for the year which was broadly in line with the budget and the estimated surplus of £48k reported to the Scottish Funding Council (SFC) in the Financial Forecast Return (FFR).

Members noted the key aspects of the Accounts as follows:

Income and Expenditure Account

- income for the year was £10.9m, a 15% increase on the previous year;
- staff costs increased by 12% due to increased staffing levels as a result of increased activity, increased pension costs and the 5% pay award; and
- expenditure included £735k in non-recurring project costs mainly relating to the refurbishment of the Easterhouse Campus.

Members noted that overall the Income and Expenditure account performance was broadly as planned and the historical cost surplus for the

year was £100k. Members recalled that the College started the year with a high cash balance, partly due to advance receipt of funds earmarked for spend in 2008/09, this spend took place during the year and was partly responsible for the growth in turnover.

In addition, J Gow informed those present that the College's teaching activity had grown by 5% during the year. The SFC activity target, members recalled, was 35,697 WSUMs (Weighted Student Units of Measurement) and during the year the College enrolled 8,573 learners and delivered 39,045 WSUMs. Members noted the reason for the College exceeding the activity target by 9% as follows:

- the increased pre-vocational activity part funded by local partners (such as the Glasgow East Regeneration Agency);
- the impact of first year of the Care-Leavers project (funded by the SFC with no specific WSUMs target attached); and
- the expansion of Glasgow East Learning Network funded by Glasgow Housing Association and the Fairer Scotland Fund through Glasgow City Council.

Members noted that the College Balance Sheet remained healthy as follows:

- Fixed Asset additions totalled £165k consisting mainly of investment in ICT hardware and infrastructure;
- all Fixed Asset additions had been fully financed by capital grant receipts;
- the College had moved from a net current liabilities position at the end of 2007/08 to a break even position in 08/09;
- Debtors included £100k owed by Glasgow City Council in respect of a capital grant relating to the East End Campus. Glasgow City Council had confirmed to the Lawyers that they would pay this; and
- the Easterhouse Campus had been re-valued upwards by £483k following the year 3 valuation as at 31 July 2009.

Members recalled that the College would continue to treat the Strathclyde Pension Fund scheme as if it were a defined contribution scheme. Members were provided with a brief justification for the way in which the College had applied FRS 17 and noted that KPMG had again qualified their audit opinion in respect of their assessment of whether or not the College accounts for the year provide a 'true and fair' in respect of this issue.

A short discussion in respect on pension contributions followed.

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

9. Draft Annual Audit Report – 2008/09

The Chief Finance Officer spoke to the contents of the draft report prior to its consideration by the Audit Committee and formal approval at the forthcoming Board meeting. The report sought to provide members with an overview of the work of its Audit Committee during financial / academic year 2008/09 and to allow the Board to comply with guidance in this respect issued by the Scottish Funding Council (SFC) to the Further Education Sector in Scotland.

In response to a question J Gow confirmed that the Audit Needs Assessment for the forthcoming session had been agreed following discussions between management, the auditors, the Chair of the Audit Committee and the Chair of the Board. He also confirmed that the total number of proposed audit days was in line previous years once adjusted for the inclusion of the Student Support Fund audits in the new contract.

Members of the Financial Control Committee agreed to note the contents of the report and its appendices prior to its consideration by the Audit Committee.

10. Financial Reserves Policy

The Chief Finance Officer spoke to the contents of the report which sought to provide detail on the nature of the College's reserves and how it intended to utilise these in the forthcoming years.

Members recalled that the College prepared a Financial Strategy as part of its annual planning cycle for the 2009/10 financial year and further recalled that this was approved at the June 2009 Board meeting.

Members were provided with the College's Balance Sheet and relevant notes which confirmed that the reserves held by the College at the end of the year were as follows:

Revaluation Reserve	£2,973,000
General Reserves	£ 984,000

J Gow highlighted the key elements which formed the above reserves and answered questions as they arose.

Members noted that the reserves held by the College would be designated for three purposes as follows:

- potential restructuring costs in relation to expected reductions in future public funding;
- unplanned or emergency property maintenance; and
- potential overspending on student support.

Members of the Financial Control Committee agreed to:

- i) note the contents of this report and its appendices; and
- ii) approve the College approach to the designation of its General Reserves.

11. Valuation of the Easterhouse Campus

The Chief Finance Officer spoke to the contents of the report which sought to inform members of the Financial Control Committee of the valuation of the Easterhouse Campus.

Members recalled that guidance in the Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) stated that buildings

should be re-valued every five years with an interim valuation required every three years. As a consequence the last valuation of the Easterhouse Campus was in the financial year ended 31 July 2006 and an interim valuation was therefore required at 31 July 2009.

A copy of the full valuation report conducted by James Barr was provided for members' information.

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

12. Report on Cash Flow – 31 October, 2009

The Chief Finance Officer spoke to the content of the report which sought to apprise members of the Financial Control Committee of the College's cash position as at 31 October 2009 and to provide a summary cash flow for the first quarter of the 2009/10 financial year.

In response to a question J Gow confirmed that the increase in payments in respect of staff salaries from November 2009 to December 2009 was as a consequence of Support Staff receiving 13 payments over the financial year with December 2009 having two pay dates.

J Gow confirmed that the College continued to maintain adequate levels of cash balances and expected to do so throughout the remainder of the year, although the uncertainty surrounding student support funding remains a concern.

Members noted that the College's bank account balance was £956,570 as at 31 October 2009 and agreed to note the contents of the report and its appendix.

13. Budget Monitoring Report – October, 2009

The Chief Finance Officer spoke to the contents of the report which sought to provide an analysis of actual expenditure against budget for the first three months of the financial year and to provide an early forecast of spend to the end of the year.

J Gow confirmed that the College financial position was currently broadly in line with the planned budget but reiterated a concern in respect of student support funding.

The Chief Finance Officer highlighted the key points of the report and answered questions as they arose.

Following discussion it was agreed that A Woolley and B Rooney would receive a copy of the College's monthly management accounts summary each month following consideration of the figures SMT, this would alert the Board to any concerns as they arose throughout the year.

In response to a question in respect of 'Debts due from students' the Chief Finance Officer confirmed that debts were pursued in line with the College's Debt Collection Policy which had been approved by the Board.

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

14. APUC – Financial Statements - 2008/09

The Depute Principal spoke to the contents of the report which sought to give members sight of *Advanced Procurement for Universities and Colleges* (APUC) Annual Accounts for 2008/09.

Members noted that the Company's Auditors (Chiene and Tait) had given an unqualified opinion of the Accounts and further noted that the Annual turnover was over £4.1m in 2008/09.

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

15. Bursary Funds, Educational Maintenance Allowances and up-date on in-year redistribution – October 2009

The Chief Finance Officer spoke to the contents of the report which sought to apprise members of the actual allocation of bursary funds for 2009/10 and to apprise members of the Bursary and Educational Maintenance Allowances (EMAs) which were available for the College's young, full time learners.

Members recalled that the Scottish Funding Council (SFC) introduced a trial in-year redistribution in 2004-05 which had now become an ongoing feature of the student funding cycle. Members further recalled that the process allowed colleges who anticipated an overspend in Bursary, FE Discretionary and / or FE Childcare Fund allocations to request additional funds in January each year. Any allocation of additional funding would be dependent on institutions who predict an under-spend to return unused funds.

Members were provided with a detailed analysis of Bursary funds and EMA awards for their information.

Following discussion members of the Financial Control Committee agreed to note the contents of the report and its annexes.

16. Further Education Discretionary Fund – October, 2009

The Chief Finance Officer spoke to the contents of the report which sought to apprise members of the disbursement of its Further Education Discretionary Funds for session 2009/10.

Members noted that the College's gross allocation for session 2009/20 was £178,568 and that the allocation included £18,140 in respect of supporting learners who have the status of asylum seeker.

Members recalled that Colleges were permitted to transfer money between the FE Discretionary Fund and the FE Childcare fund to effectively meet the needs of students as required. In this respect, the College anticipated that it may be necessary to vire £100k from the FE Discretionary Fund to the FE Childcare Fund.

Members were provided with an analysis of the allocation of FE Discretionary Funds and noted that the total funds allocated at the date of the meeting was £63k.

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

17. Higher Education Childcare Fund & Higher Education Discretionary Fund – October, 2009

The Chief Finance Officer spoke to the contents of the report which sought to apprise members of the disbursement of the College's Higher Education Childcare Fund (HECF) and the Higher Education Discretionary Fund (HEDF) which the College received from the Student Awards Agency Scotland (SAAS) to assist students who undertake Higher Education programmes at the College.

Members noted that the College's allocations for HECF and HEDF for session 2009/2010 were £18174.00 and £9413.00 respectively. Added to this amount was the sum of £845.09 in respect of unallocated funds brought forward from the previous academic year bringing the total combined funds available for 2009/2010 to £28432.09.

Members recalled that Colleges were permitted to vire up to 60% of the HE Childcare Fund allocation into the HE Discretionary Fund if the demand required.

Members further recalled that SAAS had introduced a redistribution exercise similar to that established by the Scottish Funding Council (SFC) for learners on non advanced programmes. This allowed institutions who were anticipating overspends on their HE Childcare & HE Discretionary funds to apply for additional funds. However, any allocation of additional funds was dependent on institutions who predict an under spend returning unused funds. Members noted that John Wheatley College did not request additional funds as part of this process as no overspends were anticipated.

Members noted that to date there had been 4 applications for support from the HE Childcare Fund and the total commitment to date was £3900

In addition, members noted that to date there had been 27 applications for support from the HE Discretionary Fund which resulted in eleven applications being approved with a commitment of £5500.

A detailed analysis of both awards was provided for the information of those present.

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

18. Childcare Funds – Financial Year 2009/2010

The Chief Finance Officer spoke to the contents of the report which sought to apprise members of the current allocation of Childcare Funds for financial year 2009/10.

Members noted that the Childcare support available to the College for financial year 2009/2010 was initially £231,109 and that this allocation would be used entirely to provide support towards the childcare costs of full and part time FE students.

Members recalled that as was the case during session 2008/09, the demand for the College's Childcare Fund for 2009/10 had exceeded allocation. In this respect the College had agreed to fund 147 applications from students in respect of Childcare Expenses with these having an estimated cost £499,432.

Members noted that the Scottish Funding Council (SFC) had indicated that a re-distribution of funds would be made during 2009 and the College had requested additional funding of £215,000 from this re-distribution to assist meeting any shortfall between funds presently committed and confirmed funds currently available.

J Gow informed members that should the Scottish Funding Council be unable to provide fully the funds requested from the re-distribution a virement from the Discretionary Fund may be requested to meet any subsequent funding shortfall.

In addition, members noted that the College had received a further 37 applications which it had been unable to finance. The funds required to meet the unfinanced requests would be approximately £78,600.

Members were provided with a detailed analysis on the allocation and spend of Childcare funds as at 31/10/09.

Members of the Financial Control Committee agreed to:

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

19. Risk Management – Risk Issues to be considered as a consequence of the consideration of the above agenda

A discussion took place in respect of financial risks within the College and it was agreed that certain risks would increase in ranking. This would be reflected in the Risk Register which would be considered by the Board in February 2010.

20. Closure

The meeting closed at 5.45 pm with the Chair thanking all in attendance for their contribution to the meeting.

21. Date of Next Meeting

The next meeting of the Financial Control Committee would take place on Thursday 4 March, 2010.