

**John Wheatley College**  
**Board of Management**  
**Financial Control Committee**

Minutes of the meeting of the Financial Control Committee held on Wednesday 13 May, 2009 at 5 pm in Room MF12/14, East End Campus.

**1. Sederunt**

B Rooney (Chair);  
I Graham (Principal);  
R Blyth;  
A Woolley; and  
J Cope (Fellow of Board);

In Attendance:

A Kirk (Depute Principal);  
J Gow (Chief Finance Officer);  
A Inglis (Assistant Principal);  
A Sherry (Assistant Principal); and  
A McKenna and H Blackstock (for recording purposes only).

**2. Apologies**

J Sweeney (Co-opted Member); 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 4 members in attendance.

**4. Declarations of Interest**

There were no Declarations of Interest noted at the meeting.

**5. Minutes of the meeting held on 25 February, 2009**

The minute of the meeting was accepted as an accurate record of the meeting held on 25 February, 2009.

**6. Matters arising from the minutes of the meeting held on 25 February, 2009**

**8. Pensions Update**

The Principal informed members that the College had received an analysis of all Colleges' Financial Statements by the Scottish Funding Council.

I Graham further informed members that there were five (5) qualified accounts in the Sector and that four (4) of these related to the KPMG interpretation of the FRS-17 guidance. He reminded members that this remained an interpretation taken by KPMG and that the most recent guidance issued by the Funding Council remained unchanged allowing Boards the freedom to adopt an Accounting Policy which they believed was appropriate in terms of the treatment of the Strathclyde Pension Fund. Other Auditors acting for the Auditor General as College External Auditors continued to take a contrary view to that of KPMG (which endorsed the College's approach).

He apprised members that a report on the analysis of Colleges' Financial Statements by the SFC would be presented to the Audit Committee meeting scheduled for 20 May, 2009. He added that there had not been sufficient time to bring that report to this Committee however the report would be considered at the next scheduled meeting of the Financial Control Committee.

In addition, the Principal reported that from the commencement of the next academic session staff payslips would indicate the contribution to date the College had contributed to their pensions.

## **7. Correspondence**

### **a) SFC Circular: 17/09 – Financial Forecast Return (FFR) for Colleges and Strategic Plan Forecast (SPF) for Higher Education Institutions 2008-09 to 2011-12**

The Principal spoke to the contents of the Circular informing members that the purpose of the Circular was to request Institutions to complete a Financial Forecast for the period 2008-09 to 2011-12.

He further informed members that the Financial Forecast had to be completed and returned to the Scottish Funding Council by 26 June 2009 and that the College would meet that deadline.

In addition, he intimated that a report on the College's response to the Circular would be presented to the Board of Management meeting scheduled to be held on Tuesday 16 June, 2009.

Members of the Financial Control Committee discussed and noted the contents of the Circular.

### **b) SAAS – Student Support Arrangements 2009/10**

The Principal spoke to the correspondence summarising the contents of the correspondence for members.

He informed members that the College had not yet received its Childcare Fund and Discretionary Fund allocation for session 2009-10 in respect of Higher Education students.

Members of the Financial Control Committee discussed and noted the contents of the correspondence.

## **8. Impact of Finance Act 2009**

The Chief Finance Officer spoke to his report which sought to provide a broad overview of the 2009 Budget and highlight those points which may impact on the College.

J Gow reported that there was little new in the budget which would directly impact on the College in the short term. The main issue facing all publicly funded bodies was the impact of the reduction in funding available, the requirement to identify efficiency savings and eventually to contribute to repaying the public debt which had arisen as a consequence of the response to the recession. He opined that these factors were likely have a material impact on the funding of public services from financial year 2010/11 onwards.

He provided members with a summary of the report.

He added that detailed analyses on the 2009 Budget, prepared by Wylie & Bisset, Baker Tilly and Ernst & Young were attached to the report as appendices for members' information.

Following discussion members of the Financial Control Committee noted the contents of the report and its appendices.

## **9 Draft Budget 2009/10**

The Chief Finance Officer spoke to his report which sought to provide members with an early draft of the College's one year budget for the 2009/10 academic/financial year.

J Gow apprised members that the draft 2009/10 budget had been discussed at the Management Team Planning Event held on 1 May, 2009 and following further consultation and refinement it would form part of the Strategic Plan for sessions 2009/12 which would be considered at the June meeting of the Board of Management

He then proceeded to highlight the figures for the Draft Budget 2009/10 that was attached to the report as an appendix.

The Principal reported that 2% efficiency savings were a condition of grant and that the College had budgeted for these savings. He further reported that members would consider two further reports regarding Financial Management at the Board meeting scheduled for 18 May, 2009. These reports were:

- Strategy for Promoting Institutional Sustainability; and
- Value for Money Strategy (VfM) – Financial Year 2009/10.

The VfM Strategy would outline how the College would respond to the 2% efficiency saving target established for Colleges by the Scottish Funding Council.

Members discussed, at some length, the risks associated with the limited bursary funding available if the College attracted more enrolments than anticipated due to the recession.

The Principal reported that a briefing paper on Benefit Reform compiled by the College would be used by Peers in a House of Lords debate later that week.

The Principal continued to be concerned that appeared to be no means by which Student Hardship Fund allocations took account of the demographic priorities of individual colleges.

He also opined that there was likely to be severe 'pressure' on Bursary Funds in 2009/10.

Members of the Financial Control Committee discussed and noted the contents of the report and the Draft Budget 2009/10.

#### **10. Promoting the Involvement of SMES in Public Contracts – Six Simple Steps**

The Depute Principal informed members that the Scottish Government had issued a statement within their Economic Recovery Programme that required all public bodies, including colleges, to take Six Steps to promote small and medium sized enterprises (SMEs) involvement in the delivery of public services, as detailed in the appendix to the report.

A Kirk further informed that the College's position against the Six Simple Steps were:

- Step 1 – The College adopted the Suppliers Charter sometime ago and utilised the prescribed documents for pre-qualification of suppliers;
- Step 2 – The College used contract portals and advertised all other contracts in the national press or Official Journal of the European Union. Very low and one-off contracts would normally be dealt with within the Scheme of Delegation with the minimum of bureaucracy;
- Step 3 – Contract award procedures had been reviewed recently;
- Step 4 – The College normally used outcome based tender specifications;
- Step 5 – The majority of contracts the College enters into do not include sub-contractors. A contract for maintenance of building would be issued during this year and a sub-contractor payment clause would be included; and
- Step 6 – The College monitors spend with all contractors and provides the Scottish Government with information annually.

He added that Steps 1-4 and 6 were currently being undertaken by the College and Step 5 would be implemented in the next contract issued which involved sub-contractors.

Members of the Financial Control Committee noted the contents of the report and its appendix.

## **11. Budget Monitoring Report – 9 Month Progress 2008/09**

The Chief Finance Officer spoke to his report which provided an analysis of expenditure against the budget for the first 9 months of the financial year and the College's Balance Sheet as at 30 April, 2009.

J Gow provided a detailed breakdown of year to date spend against the current College budget for all major activity areas.

He then highlighted the figures of the College's Balance Sheet as at the 30 April, 2009.

The Principal highlighted section 2.18 on 'Revenue Project Costs'. He confirmed that the next Budget Monitoring Report would provide more detail on how the spend on the Easterhouse building would be largely Revenue Maintenance rather than Capital Spend. Members agreed that this further detail would be helpful.

The Depute Principal added that a report on the next three years proposed Capital Spend would be considered at a future meeting of the Financial Control Committee.

Members of the Financial Control Committee noted the contents of the report.

## **12. Cash Flow to 30 April 2009**

The Chief Finance Officer spoke to his report which sought to apprise members of the College's cash position as at 30 April, 2009 and to provide an estimated cash flow to the end of the 2008/09 academic/financial year.

J Gow provided members with a summary of the College's Cash Flow to 30 April, 2009 as detailed in the appendix attached to the report.

He apprised that much of the income carried forward from academic/financial year 2007/08 had now been spent. In response to questions he informed members that the College was still owed £100k from Glasgow City Council relating to land work on the site of the East End Campus, it was anticipated that this would be received during this calendar year.

Furthermore, he reported that it was expected that the College would have around £400k in cash at the end of the year.

Members discussed and considered the implications that the current level of interest rate had on the College's financial position and on its cash flow situation.

Members of the Financial Control Committee noted the contents of the report and its appendix.

## **13. Bursary Funds and Education Maintenance Allowances 2008/09 Update Report**

The Chief Finance Officer spoke to the report informing members that the purpose of the report was to apprise members of the actual allocation of

Bursary Funds for academic/financial year 2008/09 and to apprise members of the Bursary and EMA commitment for the current year.

J Gow provided a detailed summary of the Bursary funds awarded in session 2008/09, as contained in appendix 1 to the report. He reported that the unallocated Bursary Funds for session 2008/09 was £597.

He then provided a detailed summary of the Education Maintenance Allowance expenditure for session 2008/09, as contained in appendix 2 to the report.

In addition, he informed members of the additional Bursary Fund allocated to the College as set out in SFC Circular 15/2009, as detailed in appendix 3 to the report. He added that the Circular would be considered at the Board meeting scheduled for 18 May 2009.

Members of the Financial Control Committee noted the contents of the report and appendices.

#### **14. Childcare Funds – Financial Year 2008/09**

The Chief Finance Officer spoke to the report. He informed members that the purpose of the report was to apprise members of the actual allocation of Childcare Funds to date.

J Gow reported that as at 30 April 2009, 131 applications for childcare had been supported by the College. He provided members with a summary of the detailed analysis on the allocation of Childcare Funds to date as detailed in the appendix attached to the report.

Members of the Financial Control Committee agreed to:

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

#### **15. Further Education Discretionary Fund – 2008/09 Update Report**

The Chief Finance Officer spoke to the report. He reminded members that the Further Education Discretionary Fund was an allocation of money which the College receives from the SFC to assist both full and part time students who are experiencing financial difficulties when attending non advanced college programmes.

J Gow informed that the purpose of the report was to apprise members of the disbursement of funds for session 2008/09.

He reminded members that Colleges are permitted to transfer money between the FE Discretionary Fund and the FE Childcare Fund to effectively meet the needs of students as required.

He reported that for session 2008/09 it was anticipated that it would be necessary to vire £10k from the FE Discretionary Fund to the FE Childcare Fund.

In addition, he took members through the allocation of the FE Discretionary Funds for 2008/09 as detailed in appendix 1 to the report.

The Principal informed members that he had written to the Chief Executive of the Scottish Funding Council to seek approval that he, as the College's Accountable Officer, had authority to pay Student Support Allowances to dependent individuals who are prevented from attending the College by the Flu Pandemic. Members noted this situation.

Members of the Financial Control Committee discussed and noted the contents of the report and appendix.

**16. Higher Education Childcare Fund & Higher Education Discretionary Fund Academic Year 2008/09 Update Report**

The Chief Finance Officer spoke to the report. He reminded members that the Higher Education Childcare Fund (HECF) and the Higher Education Discretionary Fund (HEDF) were allocations of money that the College received from the Student Awards Agency Scotland (SAAS) to assist students who were undertaking Higher Education programmes at the College.

He informed members that the purpose of the report was to apprise members of the disbursement of the HECF and HEDF for session 2008/09. He then proceeded to highlight analysis of the HECF and HEDF awards for session 2008/09 as detailed in the appendix to the report.

Members of the Financial Control Committee discussed and noted the contents of the report and its appendix.

**17. Risk Management – Risk issues to be considered as a consequence of the consideration of the above agenda**

There were no risk issues identified as a consequence of the agenda of the meeting held on 13 May, 2009.

**18. Closure**

The meeting closed at 5.40pm with the Chair thanking all in attendance for their contribution.

**19. Date of Next Meeting**

The date of the next meeting of the Financial Control Committee shall be advised.