

**GLASGOW KELVIN COLLEGE
BOARD OF MANAGEMENT
FINANCE AND RESOURCES COMMITTEE
MINUTE**

Minute of the meeting of the Finance and Resources Committee held on Tuesday 24 November 2020 at 5pm via Microsoft Teams

1. Sederunt

L Birch (Chair);
I Patrick;
M Razaq;
M Allison;
H McNeil;
S Birrell

In Attendance

D Smeall (Principal);
L Clark (Interim Assistant Principal);
J Evans (Vice Principal);
D Shiels (Director of Human Resources);
A Carr (Head of Finance);
D Wilson (Clerk to the Board); and
M Connelly (for recording purposes)

2. Apologies

Apologies were received from R Doyle.

3. Terms of Reference

It was confirmed that the meeting was quorate with six members in attendance.

4. Declarations of Interest

There were no declarations of interest.

5. Minute of the previous meetings held on 15 September 2020

The minutes for the above noted meeting were accepted as an accurate record of the business conducted on 15 September 2020.

6. Matters arising from the Minute of the Previous Meeting held on 15 September 2020

There were no matters arising from the previous meeting held on 15 September 2020.

7. Correspondence

a) ESF 15-16 Clawback

The Principal summarised the correspondence content and confirmed that the revised revision for recovery is now £14,763.39 as opposed to the original request of £130,000. D Smeall opined this was a positive result after much endeavor.

Members noted the content of the correspondence.

8. Draft Annual Report and Financial Statements – NOT IN THE PUBLIC DOMAIN

a) Draft Annual Report and Financial Statements – Year Ended 31 July 2020

The Vice Principal reminded members that the purpose of this report is to provide members of the Audit & Risk Committee with a draft of the College's Annual Report and Financial Statements (Annual Report) for the 2019/20 academic / financial year. The Audit & Risk Committee and the Financial & Resources Committee are required to endorse the Annual Report prior to their consideration and approval by the Board of Management at its meeting scheduled for 7 December 2020. J Evans advised that minor amendments to the narrative only would be made before being presented to the Board of Management.

J Evans took members through the content of the item and opined that this was slightly better than expected, with many positives. The main reason for this is savings in staff costs as a result of the teaching management re-structure and savings in utility costs and other building running costs following the closure of all campuses during lockdown.

J Evans also highlighted that the College:

- exceeded its student activity (credits) target by 69 credits or 0.1%;
- improved the proportion of learners who successfully completed their course from 76.2% to 80.7% during the year;
- it is reporting an adjusted operating surplus of £238k, an improvement of £571k on the previous year's adjusted operating deficit of £333k;
- it invested £0.9m in its infrastructure Estates management systems and ICT infrastructure and hardware; and
- the College complies with relevant Governance and legislative requirements.

The Principal highlighted that, despite the lockdown in March 2020, retention/completion rates had improved slightly. Lots of work had been undertaken by staff to ensure that the negative impact on the student experience had been mitigated as much as possible. He advised caution when comparing 2019-20 statistics with other years.

Further to a question, D Smeall explained in detail the definition of the adjusted operational position.

I Patrick thanked A Carr and his team for such a detailed report and agreed that some changes would be required before it goes to the Board of Management meeting which was scheduled for 7 December 2020. He suggested that as a member of the Finance & Resources Committee making decisions, it would be helpful if a supporting session could be arranged, to fully explain the key figures and language used within the report, in simpler terms. I Patrick accepted the huge amount of work that goes into producing the report by A Carr and his team.

The Chair agreed that a session to raise financial awareness and produce a glossary to explain terminology could be arranged at a later date.

Members spoke at length regarding the proposed content of the support session. Members thanked A Carr and his team for the detailed report.

The Chair invited questions from members of the Committee. No further questions arose.

Members of the Finance & Resources Committee agreed to:

- i) note the contents of this report and its appendices which will not be placed in the public domain at this time;
- ii) note the financial and operational performance of the College during academic year 2019/20;
- iii) note the letter providing assurance that there is no impairment in the balance sheet value of land and buildings;
- iv) note the unqualified audit opinion; and
- v) endorse the draft College Annual Report and Financial Statements for the 12 months ended 31 July 2020.

b) External Audit Annual Report to the Board 2019-20

J Evans stated that, within the report from our independent auditors there is an unqualified opinion on the financial statements. Furthermore, the Auditor had advised that he was also satisfied that there are no matters which we are required to report by exception.

The Principal expressed satisfaction at the clean audit report and the very positive comments received from Azets.

D Smeall advised that since the report had been produced, the Q1 forecast had been conducted and therefore the main document would require updating.

I Patrick reiterated the ongoing good relationship that continued with the external Auditor and thanked A Carr for producing a great result despite trying circumstances.

Members of the Finance & Resources Committee agreed to endorse the report and its appendices.

c) Annual Report of the Audit and Risk Committee

The Vice Principal advised that this report seeks to provide the Board of Management with an overview of the work of its Audit & Risk Committee during the academic/financial year 2019/20. She highlighted that this report would not normally appear to this Committee prior to the Audit and Risk Committee; this anomaly had occurred due to a meeting date change.

J Evans stated that this report seeks to ensure that the Board complies with guidance in this respect issued to the Further Education Sector by the Scottish Funding Council (SFC) in the Financial Memorandum. The SFC requires Glasgow Kelvin College to submit this report and its appendices by 31 December 2020, to GCRB and the SFC.

J Evans opined that it was a very positive and comprehensive report. She took members through the content in detail. She commented on the hard work and endeavour required

to receive the accreditation for the Cyber Security implementation. She advised that the College had moved from a largely centralised working model to distributed as it responded to the working and learning from home arrangements due to the pandemic. Without a change to the endpoint security the College's ICT systems would have become vulnerable. The following increases in security protection were made to mitigate the increased risks:

- Endpoint AV protection – upgrade of anti-virus protection to a cloud-based system which allows for better reporting, incident response and visibility of the College's estate.
- URL and web protection – additional layered protection for endpoints by utilising a cloud-based DNS protection service (this prevents against browsing of malicious sites while outside of the College).
- Remote support technology – this allows ICT staff to easily access and support staff/student devices outside of the College campus boundaries.

J Evans highlighted the College had procured Cyber Security insurance which also mitigated against the risk of the significant and rapid change to working practices. The shared CISO membership continued and provided substantial value surrounding Cyber Resilience governance. The College pushed the Cyber Essentials Plus assessment back from a planned date of July 2020 to October 2020 due to the significantly increased workloads as a result of the Covid-19 response plans. The College successfully achieved certification which is valid from 3 November 2020 for 12 months. She advised members of the positive ongoing activities ahead to improve Cyber Resilience.

The Chair thanked J Evans for a detailed update and invited further questions. No further questions arose.

Members of the Finance & Resources Committee agreed to endorse the report and its appendices.

9. Capital and Sustainability Update

The Interim Assistant Principal reminded members that the purpose of this report is to provide an update to members in relation to the Capital Expenditure for 2019/20, the Capital Planning for 2020/21 in relation to ICT/digital purchases, and an update in relation to sustainability works undertaken across the College.

L Clark advised that due to the lockdown in March 2020, £91,000 of capital expenditure plans were delayed until the campus buildings re-opened in July 2020 and work could commence by the Estates team/contractors. These funds were duly spent over July/August 2020 and the Capital Expenditure plan for 2019/20 was fully completed.

L Clark referred to Appendix 1 for a full list of projects undertaken and confirmed that a report to this effect has also been submitted to GCRB.

L Clark took members through the report in detail and brought members attention to Appendix 2, with details of the Capital Requirement which included digital monies.

L Clark further provided an overview of the sustainability projects that had taken place across the College.

The Chair thanked L Clark for the report and for the photographs which brought the works to life. She invited comments or questions. No further questions were asked.

The members agreed to:

- i) note the content of this report and its appendices.

10. Fixed Asset Disposal

The Interim Assistant Principal advised members that the purpose of this report is to seek approval for the physical and accounting disposal of a College asset ie an ageing diesel vehicle.

L Clark took members through the content of the report and invited further questions. No further questions were asked.

Members agreed to:

- i) note the content of this report; and
- ii) approve the disposal of this College vehicle.

11. Projected Yearly Cashflow to 31 July 2021 – NIPD

The Vice Principal reminded members that completion of a projected cash flow is an important tool in ensuring that the College manages its cash and resources effectively and that this task is completed on a routine and regular basis.

J Evans took members through the report and advised that at 31 July 2020 the actual cash balance was £1,825k. This is greater than originally forecast because assumed cash expenditure did not take place by 31 July 2020. In addition, timing differences in income which should have been paid during 2019/20 will have a favourable impact on the cash balance for 2020/21. The underlying cash balance at the end of July was £528,026.

H McNeil raised a query regarding the impact of Public Bodies holding surplus cash and if the College could carry it forward. The Principal advised that cashflow was critically important and was managed very closely by A Carr. He explained that the underlying cash balance is the cash that belongs to the College after everything is paid including costs to be paid. The balance can range from £3m, down to £300k and must never be negative. Every cash transaction has been reconciled throughout the period. He advised that legally there can be no cash reserves held, except for operating cash.

The Chair invited comments or questions from members. No further questions arose.

Members of the Finance & Resources Committee agreed to note the content of the report and its appendix.

12. Analysis of the 2018-19 Annual Accounts of Scotland's Colleges and Universities

The Vice Principal highlighted to members the content of the report. She explained that 11 Colleges had over £30m turnover which was interesting for the upcoming SFC review.

The Principal advised this was a retrospective document and emphasised the challenges ahead facing all. He shared some local knowledge of other Colleges who are in challenging financial circumstances. He advised of the further necessary actions that would be required to cut costs.

The Chair thanked the Vice Principal for the report and asked if there were any comments or questions. No further questions arose.

Members of the Finance & Resources Committee agreed to note the content of the report.

13. Student Support Funds Update

The Vice Principal reminded members that the purpose of this report is to provide members of the Finance & Resources Committee with final student support fund expenditure figures for session 2020/21 and an update in respect of applications received to date in the current session. A return had been sent last week to GCRB to show the current position of the College.

The Principal reminded members that the Student Support Funds were held separate from the Colleges accounts and were administered directly to the students on behalf of the SFC.

The Chair invited comments or questions. No questions were received.

Members of the Finance & Resources Committee agreed to note the contents of this report.

14. College Debt and Recommended Bad Debt Write Off - NIPD

The Vice Principal reminded members that it is good practice to review debtors and the bad debt provision on a regular basis. The purpose of this report is to report on the current debt profile highlighting areas of risk, outlining action to mitigate risk and to request authority to write off debts which are not considered to be recoverable.

J Evans sought members approval to write off £4,699 in Student Fees. This consists of student debt passed to the debt collection agency who have been unable to collect the balances due. Due to the value of these debts it is not recommended that any further action is taken. Additionally, the College is also seeking permission to write off £2,526 which is included in the debtors list as debt due from an employer. This employer has gone into administration. The remaining £174 is of student debt not collectable but not passed to the debt collection agency due to the low value. She brought members attention to both appendices which provided further details in respect of these.

The Chair invited comment or questions. No questions arose.

Members of the Finance & Resources agreed to:

- (i) Note the contents of this report and its appendices;
- (ii) Authorise the College to write-off student debt as per the recommendation against the bad debt provision; and
- (iii) Request the College to bring a further report on the collection of debt and the bad debt provision to a future meeting of the Committee.

15. Quarter One, Forecast AYs 2020-23 – NIPD

The Vice Principal advised that the purpose of this paper is to present members with the first quarter and full year forecast for AY 2020/21 and for the further two years of the Scottish Funding Council's (SFC) Current Financial Forecast Return (FFR) period

AY 2021/22 and 2022/23. The paper was approved by the Executive Committee at their meeting on Monday 16 November 2020.

The Principal advised that he had requested this to be included within the recent Executive Committee agenda. He took members through report and brought attention to the table on page 5 in detail, explaining the Adjusted Operational Results. Going forward AY 20/21 will show a breakeven position with 21/22 and 22/23 showing surpluses.

Members discussed at length and in detail the strategy proposed. All members agreed that the risks had to be taken to ensure a balanced position. Members queried the cashflow and A Carr clarified the difference of c£300k was due to a risk associated with Foundation Apprenticeship cashflow which is not presented summary year-end cash position graph.

The Chair suggested that the proposed content of the financial awareness session should include actuals versus forecasts on cashflow to support understanding of the underlying and year-end figures.

Members agreed to:

- i) note the contents of this report;
- ii) note that GKC's Executive team have met all milestones and satisfied all requirements detailed within GCRB's agreed timeline up to and including 30 October 2020 and continue to work closely with GCRB Executive colleagues;
- iii) note that all actions and targets necessary to deliver the T&RP's objectives are fully developed;
- iv) note that as final definition around GCRB/SFC funding of staff severance costs is still being pursued, it is necessary for the plan to remain flexible and subject to change;
- v) note that the Executive team intends to present the latest T&RP Stage 2 update to the Board at its meeting on Monday 07 December 2020 for approval;
- vi) note that the Executive Committee approved the Quarter one, forecast and associated operational actions detailed therein at their meeting on Monday 16 November 2020;
- vii) note that the Executive Committee approved the College's AY 2020/21 ALF application for funds at their meeting on Monday 16 November 2020.

16. Annual Health and Safety Report

The Principal made members aware that the Health & Safety Policy, approved annually by the Board, sets out procedures to ensure these responsibilities are discharged effectively.

D Smeall advised that the report had been split into 2 parts; pre and post COVID19.

D Smeall provided members with assurance that Health & Safety obligations are discharged appropriately, giving an overview of the annual report which summarised key activities undertaken during the academic year.

D Smeall took members through the content of the report in detail.

D Smeall took members through actions taken, from the first COVID19 risk assessment in January and the vital role undertaken by the Incident Management Team. This led to a smooth transition to working from home, continuing until the current Level 4 lockdown.

The Chair thanked G Lawson, Health and Safety Manager, for his comprehensive, easy to read and reassuring report.

The Chair invited comment or questions from members. No further questions arose.

Members agreed to:

- i) note the contents of this report;
- ii) endorse the Annual Health and Safety Report attached as appendix 1.

17. Voluntary Severance - NIPD

The Principal informed members that the purpose of this report is to seek endorsement for a Voluntary Severance Scheme which will operate during session 2020/21 and 2021/22.

D Smeall advised that the College is expecting to be under severe financial pressure in the coming years and therefore it requires to reduce its staffing numbers to enable it to continue to operate sustainably. D Smeall reminded members that College planning documents throughout the last academic year and this academic year have outlined the scale of the issue. The latest updates were presented to and approved by the Board of Management - *Item 9, Budget Academic Year 2020/21 – Not in the public domain - Report by Principal and Head of Finance* - at its meeting on Monday 05 October 2020 and under *Item 7. Q1, Forecast & Associated ALF Submission, AY 2020-23*, Executive Committee, 16 November 2020.

D Smeall advised that the VS scheme will be open to all members of staff. Once approved it is envisaged that the scheme will be opened a number of times, as required, during the first two-years of the Transformation and Renewal (T & R) Plan. The Board of Management will be updated each time the scheme is opened. It is likely that timing will coincide with the latest available information in respect of funding and student activity levels.

D Smeall brought members attention to section 3.2 on page 2, advising that if additional funds can be secured, the College may be in the position to offer a package of up to 12 months' salary. D Smeall advised that he continues to liaise with GCRB/SFC via meetings and seeks to optimise the package to ensure more applicants apply. D Smeall further opined that it may be February 2021 before further information would be received.

Discussions followed at length by members, confirming that the Scottish Government would be unlikely to want compulsory redundancies. D Smeall gave assurance that he would continue to ensure that fair work principles were adhered to.

Members of the Finance & Resources Committee agreed to;

- i) note the contents of this report and its appendix;
- ii) note that the College is seeking additional funding to increase the maximum compensation offer; and
- iii) request the Principal to take forward the VS Scheme for approval at the next scheduled meeting Board of Management.

18. Employment Relations

The Director of Human Resources advised that the purpose of this paper is to provide members with information on Employment Relations in terms of both National Collective Bargaining as well as internal matters between the College and its recognised trade unions, EIS/FELA and Unison.

D Shiels reminded members that the EIS/FELA raised a National Dispute on 28 August 2020 relating to the creation of Assessor/Instructor roles within colleges. A number of dispute meetings were held in accordance with the terms of the Dispute Resolution Procedure of the National Recognition and Procedures Agreement (NRPA). The Procedure at the National Joint Negotiating Committee (NJNC) has now been exhausted. The EIS are considering options in terms of its next steps including the possibility of balloting their members for industrial action.

D Shiels took members through the recent disputes' outcomes at section 2.1.1 and 2.1.2, advising she will bring all further updates back to the next agenda.

On Job Evaluation, Glasgow Kelvin College was 100% complete, with the finish expected in April 2021. On a local basis, it was working well with no current disciplinary or grievance actions.

I Patrick thanked D Shiels for taking his place at the recent Employers Association meeting.

Members of the Finance & Resources Committee agreed to:

- i) note the content of this report and its appendix; and
- ii) request the Director of Human Resources to bring forward an update to the next scheduled meeting of the Committee.

19. SFC College Staffing Return Guidance 2019-20

The Director of Human Resources advised members that the College is required to collate a Staffing Return for the Scottish Funding Council (SFC) in October each year.

D Shiels advised that the purpose of this report is to provide members with an overview of the return for academic session 01 August 2019 to 31 July 2020.

D Shiels brought members attention to the total full time equivalent (FTE) for 2019/20 at 459 FTE. This is a decrease of 5.2% on the previous year. The total FTE for 2018/19 was 484 FTE. This is attributed in part to the:

- non-renewal of fixed-term contracts;
- non-replacement of selected posts which became vacant; and
- release of staff through the Voluntary Severance Scheme operated in session 2019/20.

D Shiels brought members attention to section 3.1 in detail. Following a question raised by S Birrell, she explained that the number of staff who disclosed a disability rose significantly by 6.2%. Whilst the HR department may have been previously, unofficially,

been aware of a person's disability, personal data gathered during the home working and self-assessment returns now allow this to be confirmed and the disability disclosed.

S Birrell asked why the disability issues were not previously disclosed by staff and D Shiels agreed this was a good point and was unclear. She advised that she is working with the Unions, speaking to staff and communicating through SWAY, to closer define processes and recognise the data used.

The Chair invited further questions. No further questions arose.

Members of the Finance & Resources Committee agreed to note the content of this report and its appendixes.

20. GTCS Pilot – Update

The Director of Human Resources provided members with an update on the General Teaching Council (GTCS) Pilot. D Shiels advised that 3 colleges were taking part in the pilot, which will run from November 2020 to March 2021.

D Shiels advised members that the National launch of the pilot College Lecturer Registration Project took place on 03 November 2020. In addition, a communication mirroring the National communication was issued by the College to all teaching staff to announce the launch of the Pilot at Glasgow Kelvin College. The registration process for lecturers at Glasgow Kelvin College, who hold a TQFE or equivalent (currently a recognised Primary or Secondary teaching qualification with experience in Further Education) will commence on 23 November 2020. GTCS will contact each member of Glasgow Kelvin lecturing staff who are eligible to register, a total of 73%.

D Shiels advised that the College continues to support lecturing staff to undertake the TQFE however there is a financial impact due to the significant costs associated with programme fees and the remission from class contact. She said it should be noted that alternative routes to registration other than the possession of a TQFE will be considered as part of the pilot which may assist to reduce the financial implications.

D Shiels explained that the College is supporting a total of five lecturing staff to undertake the TQFE in session 20/21. In addition to the cost associated with the programme, 750 hours remission from class contact and the provision of class cover the cost is in the region of £40k. The total remission from class contact applies regardless of the duration of study period and/or fraction of contract. Therefore, the cost to the College of supporting staff to obtain the TQFE is significant, this is a particular challenge at a time when it is expecting to be under severe financial pressure in the coming years. Given the financial challenges facing the College alternative routes to registration would be of benefit.

M Allison asked if it could be explored that if a staff member leaves within a certain timeframe, there would be a penalty. D Shiels will explore further and bring back to the future committee, proposing a 2-year commitment.

Members of the Finance & Resources Committee agreed to:

- i) note the content of this report; and
- ii) request the Director of Human Resources to bring a further update report to a future meeting of the Finance & Resources Committee.

21. Coronavirus Job Retention Scheme and Job Support Scheme (Open)

The Director of Human Resources informed members that the purpose of the report was to provide members with information on the Coronavirus Job Retention Scheme and the Job Support Scheme (Open) and the College's utilisation or potential utilisation of these Schemes.

D Shiels advised that on 20 March 2020, the government announced the Coronavirus Job Retention Scheme (CJRS) as part of its response to the COVID-19 pandemic. On 12 May 2020 the UK Government announced that the Coronavirus Job Retention Scheme (CJRS) will be extended to 31 October 2020 with workers continuing to receive 80% of wages (up to £2,500). Staff that were furloughed on the first scheme received a 100% of salary and signed a Memo of Understanding.

D Shiels explained to members that the Scheme was due to end on 31 October 2020, however, it was subsequently extended until 31 March 2021. Employers have more flexibility to use the scheme for employees for any amount of time or shift pattern, furloughing employees on a full-time or part-time basis, and hours of work can be varied in agreement with the employee. Employees may be furloughed for a period of 7 days or more. It will affect 60 staff and be mainly part time employees.

D Shiels advised members that the College has experienced a loss in income as a result of COVID19. During the period March to September 2020 the College claimed circa £300k to support the payment of salaries to staff in accordance with the CJRS criteria. The Extended CJRS will support the College financially in meeting staff costs circa £20k for the month of November 2020. Colleges Scotland reported that revenue for the College Sector 'Additional Income-COVID19' in terms of additional resources amounted to £6.2m for the period March to September 2020.

The Chair thanked D Shiels for a comprehensive report. No further questions arose.

Members of the Finance & Resources Committee agreed to note the content of this report and its appendices.

22. Equality Management – Equality Issues to be considered as a consequence of the consideration of the above agenda items

There were no equality issues highlighted.

23. Risk Management - Risk Issues to be considered as a consequence of the consideration of the above agenda items

The Chair noted that the risks had been clearly highlighted throughout the budget / finance papers.

24. Data Protection – Data Protection Issues to be considered as a consequence of the consideration of the above agenda items

There were no Data Protection issues highlighted.

AOB

The Independent Clerk to the Board advised members that following the formation of the Finance & Resources Committee, previously merged from the Financial Control Committee and the Human Resources Committee, he would like to review progress.

D Wilson proposed a session which would include the earlier discussions around budgetary complexity, in advance of the next meeting. Member agreed that would be helpful and D Wilson agreed to take forward with J Evans and L Birch.

25. Closure

The Chair thanked members for their attendance, contribution and questions. The meeting closed at 6.55pm

26. Date of Next Meeting

16 February 2021.