

## Audit Committee Meeting

Date of Meeting	Tuesday 6 March 2018
Paper Title	Institutional Efficiency
Agenda Item	8
Paper Number	AC3-D
Responsible Officer	Jim Godfrey, Finance and Resources Director
Recommended Status	Disclosable
Action	For Noting

### 1. Report Purpose

- 1.1. The purpose of this report is to provide an update in respect of the process for demonstrating institutional efficiency.

### 2. Recommendations

- 2.1. The Committee is invited to:
- **Note** the Scottish Government’s process for collating information in respect of institutional efficiency.
  - **Request** that the regional return is provided to the next meeting of this Committee

### 3. Report

- 3.1. On 23 January 2018, the Scottish Funding Council issued a ‘Call for Information’ in respect of Institutional Efficiency. This document outlines a request for institutions to detail their contribution to the Scottish Government’s efficiency objectives.
- 3.2. The key elements of the SFC publication are provided below:
- 3.2.1. Scottish Ministers expect every public body to deliver efficiency savings of at least 3% in each year of the spending review and to report publicly on the actions taken and the results achieved.
- 3.2.2. This efficiency programme allows public bodies to demonstrate where appropriate, how and to what extent they have used efficiencies to protect quality and level of services and maintained outputs and outcomes in the face of budget cuts. The Scottish Funding Council is required by the Scottish Government to publish an annual statement of efficiencies.
- 3.2.3. In calculating the 2016-17 efficiencies, institutions should use the previous year as a baseline, therefore showing year on year efficiencies, not a cumulative figure.

- 3.2.4. For all assigned colleges, GCRB will send a consolidated (or batch of individual returns) to SFC to meet the deadline of 27 April 2018. The assigned colleges have been asked to send their individual returns to GCRB by 23 April 2018 to enable the consolidation to take place prior to the SFC deadline.
- 3.2.5. There is a possibility that Audit Scotland will want to review this information, so it is important that the evidence being held at each institution is detailed and robust enough for audit purposes.
- 3.2.6. SFC recommends that institutions use appropriate internal management, and governance arrangements, to ensure the robustness of the efficiency information by including a review of the underlying processes within the scope of the Audit Committee's remit.

#### **4. Risk Analysis**

- 4.1. The achievement of annual efficiencies presents a challenge to the financial sustainability of the assigned colleges in the Glasgow region.

#### **5. Legal Implications**

- 5.1. No legal implications are identified.

#### **6. Resource Implications**

- 6.1. There are no direct financial implications of this report.
- 6.2. The expectation of Scottish Ministers that public bodies deliver at least 3% per annum is challenging. The compound effect of cumulative efficiencies means that the total scale of the efficiency is significant. In addition, it becomes more difficult to achieve efficiency gains over time as the easiest gains have been realised in previous years.

#### **7. Strategic Plan Implications**

- 7.1. The Glasgow Region Strategic Plan for College Education specifies that resources will be used efficiently. The demonstrable achievement of the efficiency is welcomed, however, the annual cumulative level of efficiencies is very challenging indeed.