

## Performance & Resources Committee Meeting

Date of Meeting	Monday 10 October 2016
Paper Title	GCRB Running Costs
Agenda Item	13
Paper Number	PRC2-I
Responsible Officer	Alex Stewart, Head of Finance, City of Glasgow College
Status	Disclosable
Action	For Noting

### 1. Report Purpose

- 1.1.** The purpose of this report is to provide the Committee with an update on the financial position of the GCRB.

### 2. Recommendations

- 2.1.** The Committee is invited to **note**:

- in the initial period the GCRB was funded by a combination of SFC and the Colleges;
- the colleges have fully funded the GCRB costs from 1 January 2015 with the funding currently split evenly across the 3 Colleges;
- GCRB's currently-projected costs for 2015-16 are £34,836 less than originally projected; and
- The Scottish Funding Council has required funding for the full cost of the Interim Chief Officer for the period beyond the original period of the secondment (i.e. from 11 November 2015 to 31 March 2016).

### 3. Background

- 3.1.** GCRB related accounting transactions processed from 1/4/15 onwards by City of Glasgow College.
- 3.2.** Under the accounting standards GCRB is not permitted to carry forward excess funds or create reserves to be utilised in future periods. The surplus at the 31<sup>st</sup> July 2015 was retained by SFC and is being used to partially fund the 2015-16 expenditure.
- 3.3.** The assigned college boards continue to be responsible for the governance, financial management, operation and sustainability of the individual colleges.

#### 4. Summary income and expenditure

4.1. The following is an estimate of the income and expenditure for the period to 1st August 2015 to 31st July 2016.

##### Glasgow Colleges' Regional Board Projected Income & Expenditure 12 months to 31 July 2016

	Reported Oct 15	Reported Jan 16	Reported Mar 16	Reported Aug 16	Current Projection 2015-16
<b>Income</b>					
SFC College Funds C/Fwd	£69,379	£107,171	£118,371	£118,371	£118,371
Colleges	£225,000	£225,000	£225,000	£225,000	£225,000
	£294,379	£332,171	£343,371	£343,371	£343,371
<b>Expenditure</b>					
Staffing	£181,132	£198,025	£198,025	£181,025	£177,288
Chair	£34,320	£34,320	£34,320	£45,208	£42,253
External Audit fees	£30,000	£10,000	£10,000	£17,500	£17,500
Office Expenses	£20,000	£10,000	£10,000	£10,000	£6,890
Internal Audit fees	£12,000	£12,000	£12,000	£7,110	£6,636
Staff Advertising	£0	£0	£0	£0	£3,312
Board Expenses	£7,500	£7,500	£7,500	£4,000	£3,260
Legal Fees	£10,000	£2,000	£2,000	£2,000	£2,977
	£294,952	£273,845	£273,845	£266,843	£260,116
<b>Carried Forward Balance</b>	(£573)	£58,326	£69,526	£76,528	£83,255

4.2. GCRB have been charged by the Scottish Funding Council for the full cost of Interim Chief Officer for the period beyond the original period of the secondment (i.e. from 11 November 2015 to 31 March 2016). The staff costs for 2015-16 also include staffing that is required to cover a maternity leave. Offsetting this City of Glasgow College provided an interim Chief Executive at no cost to GCRB for April and part of May 2016.

4.3. The increased cost of the Chair reflects the additional days worked by the current and former Chair to address issues raised by the auditors during financial year 2014-15.

4.4. The external audit fee has reduced to £8,500 for the 2015-16 audits reflecting the improvements in governance and internal controls. There is an additional £9,000 cost going through financial year 2015-16 reflecting additional work for the 2014-15 audit.

4.5. The increase in Colleges Funds C/Fwd. from Aug 16 reported figures relate to lower staff costs than forecast.

#### 5. Estimated income and expenditure for 2016-17

5.1. The Scottish Funding Council announced College funding for 2016/17 on 9<sup>th</sup> May 2016. Costs for GCRB of £180k have been set aside from the overall regional teaching allocation of £78,849,115.

5.2. The following is an estimate of the income and expenditure for the period to 1st August 2016 to 31st July 2017:

**Glasgow Colleges' Regional Board  
Projected Income & Expenditure  
12 months to 31 July 2017**

	<b>Current Projection 2015-16</b>	<b>Current Projection 2016-17</b>
<b>Income</b>		
SFC College Funds C/Fwd	£118,371	£83,255
Colleges	£225,000	£180,000
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	£343,371	£263,255
<b>Expenditure</b>		
Staffing	£177,288	£159,502
Chair	£42,253	£34,663
External Audit fees	£17,500	£9,000
Office Expenses	£6,890	£10,000
Internal Audit fees	£6,636	£7,500
Staff Advertising	£3,312	£0
Board Expenses	£3,260	£4,100
Legal Fees	£2,977	£2,100
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	£260,116	£226,865
<b>Carried Forward Balance</b>	£83,255	£36,390

- 5.3.** The decrease in projected staffing costs is mainly due to the fact that the Executive Director is on a lower salary than the seconded senior director from the SFC. GCRB during 2015-16 was charged by SFC for the full cost of Interim Chief Officer from 11 November 2015 to 31 March 2016. The staff costs for 2015-16 also include staffing that is required to cover a maternity period. The forecast assumes there will be full coverage of staff throughout the year.
- 5.4.** The Chair costs are forecast to decrease as the audit points raised during the 2014-15 audit will be addressed in 2015-16.
- 5.5.** Other costs have generally gone up with inflation with the exception of external audit fees. The external audit fee for 2015-16 include additional costs for the 2014-15 audit.
- 5.6.** The SFC College funds carried forward from 2015-16 are subject to audit confirmation.
- 5.7.** The Colleges contribution for 2016-17 will be £180,000 this will still leave a projected carried forward balance of £36,390.

**6. Risk Analysis**

- 6.1.** There are no specific risks associated with this paper.

**7. Legal Implications**

- 7.1.** There are no specific legal implications arising from this paper.

**8. Financial Implications**

- 8.1.** This report provides an overview of GCRB's financial plans for 2016/17.

**9. Regional Outcome Agreement Implications**

- 9.1.** There are no specific implications for the Regional Outcome Agreement associated with this paper.