

**WEST COLLEGE SCOTLAND**

**BOARD OF MANAGEMENT**

**SPECIAL MEETING TO BE HELD ON**

**THURSDAY 27 MARCH 2014 at 4.00 p.m. in**

**Room 1, Abercorn Centre, Paisley Campus**

**AGENDA**

1. Apologies
2. Declaration of Interests
3. Transfer of Funds to West College Scotland Foundation Paper 1 AR
4. Any other business

The next scheduled meeting of the Board will be held on

Monday 19 May 2014 at 4.00 p.m. at the Paisley Campus.

**Confidential**

**BOARD OF MANAGEMENT**

**SPECIAL MEETING**

**Minutes:** 27 March 2014

**Present:** Keith McKellar (in the Chair), Audrey Cumberford, Gerard Kelly, Esther Denning, Jacqueline Henry, Andrew Hetherington, Johnpaul Johnston, Michelle McCrorie, David McDonald, John McMillan, Joyce White.

**Attending:** Stephanie Graham (Vice Principal Educational Leadership), David Alexander (Vice Principal Operations), Liz Connolly (Vice Principal Corporate Development), David Gunn (Director of Organisational Development & HR), Alan Ritchie (Director of Finance and Estates), Gwen McArthur (Secretary to the Board).

**Apologies:** Mike Haggerty, Jim Hannigan, Lyndsay Lauder, Michael McAuley, Maggie McManus, Maggie Morrison.

**BM84 DECLARATION OF INTERESTS**

John McMillan, Audrey Cumberford and David Alexander declared an interest as Trustees of the West College Scotland Foundation.

**BM85 TRANSFER OF FUNDS TO WEST COLLEGE SCOTLAND FOUNDATION (BM77; AM38; FM74)**

**.1 Background**

The Board was reminded of the background that had led to the establishment of the West College Scotland Foundation. The reclassification of the Colleges meant that colleges in Scotland would become part of central government for financial budgeting and reporting purposes with effect from 1 April 2014. This meant that the college sector now had little financial flexibility and would be expected to remain within budget, with little or no underspend or overspend. If colleges generated in-year surpluses these would need to be transferred to arms-length bodies (such as Foundations) or to the Scottish Government, otherwise these surpluses could be lost for use in future years without additional Government budget cover being provided. Given this, discussions between the sector, the Scottish Government and the Scottish Funding Council (SFC) had led to the agreement that colleges should establish Foundations or could join the ‘umbrella’ Trust established by the SFC. All of this needed to be agreed, and any surplus funds transferred to a Foundation, before 31 March 2014. The College had sought advice from its legal advisers and its external auditors before deciding to establish the West College Scotland Foundation as a suitable body where it could transfer any surplus funds generated.

 The Board had considered this matter previously and had sought various assurances on the suitability of the Foundation. These had been forthcoming from the legal advisers, the external auditors and two committees of the Board. The Audit Committee had reviewed the Articles of Association of the Foundation and had conducted due diligence into the suitability of the Foundation as a recipient of funds from the College. At its meeting on 6 March 2014, the Audit Committee had agreed that the Foundation would be a suitable recipient of College funds. The Finance and Business Enterprise Committee had also considered the establishment of the Foundation and supported this move. At its meeting on 18 March 2014 it had considered the rationale for deciding the amount to be transferred to the Foundation and had supported this.

 It was noted that certain items fell outwith the scope of budgeting and were not included in the resource reconciliation required by the SFC. These were identified in the paper provided by the Director of Finance and Estates.

**.2 Discussion**

In discussion the following points were raised:

* The impact of this reclassification highlighted the need for longer term financial planning for the College. However, it was acknowledged that this was hard to achieve while there was no financial information provided from SFC or the Scottish Government beyond 2014/15 and the detail and operation of a new funding model to take effect from 2015/16 was awaited. The Finance and Business Enterprise Committee and the Board of Management had, therefore, previously approved the 2014/15 College Budget as the basis of the College Financial Strategy for further development.
* The external auditors had confirmed that they were satisfied with the independence of the Foundation.
* The reclassification of the College meant that it had to change to a new financial year, a different approach to and method of financial management, accounting and budgeting, and a whole new way of operating if it was to balance its books and safeguard any surpluses generated.
* The establishment and running costs of the Foundation were considered to be very low.
* Given the independence of the Foundation then it would be open to receiving bids for funding from other bodies. However, they would need to meet the criteria set by the Trustees. The Trustees had still to develop the criteria for funding applications, which would need to be in line with its Articles of Association. The Foundation would also be able to receive funds from other organisations.
* These changes would present both opportunities and challenges for the College in the future, with the arms-length Foundation possibly being asked to consider wider partnership applications for the transferred funds.

It was noted that the sum of £450k had been identified as being the amount to be transferred to the Foundation. At this point in time there were certain elements within this amount that the College might have to repay in the future. However, should such circumstances arise then it was the intention that the College would be able to meet these costs from its operating budget going forward. The Finance and Business Enterprise Committee had considered this matter and had been of the view that this represented a very low risk.

**.3 Decision**

In light of the above discussion, and taking note of the advice provided by the external auditors and the legal advisers, and on the recommendation of the Audit Committee, the Board

 **RESOLVED** that

1. the West College Scotland Foundation is a suitable body to receive College funds;
2. the College should make a charitable donation of £450,000 to the West College Scotland Foundation prior to 31 March 2014.

GMcA/22.04.14/Final