

GLASGOW KELVIN COLLEGE
BOARD OF MANAGEMENT – MEETING OF 11 JUNE 2025
COMPLIANCE WITH THE FINANCIAL MEMORANDUM
REPORT BY VICE PRINCIPAL OPERATIONS

1. Introduction

Members will be aware that one of the key governing documents which sets out the College relationship with the Glasgow Colleges Regional Board (GCRB) is the Financial Memorandum (FM). GCRB, in turn, have a similar Financial Memorandum between themselves and the Scottish Funding Council (SFC). The Financial Memorandum between the College and the GCRB was considered by the Board of Management at its meeting in June 2016, this document has not been reviewed or changed by GCRB or the SFC since.

The purpose of this report is to provide the Board with reassurance that the College continues to comply with the terms of the FM. Members can access a copy of the FM between the College and GCRB at the link below:

[Financial Memorandum between Glasgow Colleges' Regional Board and Assigned Colleges](#)

This was last considered by the Board of Management on 11 December 2024. It is normally considered at the end of the Academic Year, so considering this paper at the June 2025 Board meeting means the review returns the review to the normal cycle.

2. Compliance with the Financial Memorandum

All members of the Strategic Management Team, including Directors, are aware of the requirements of the Financial Memorandum. The Head of Finance, Procurement Manager and other staff within the Finance Team who have a role in approving financial transactions, are also kept informed of the requirements contained in the FM. This ensures that any decisions made at meetings of the Strategic Management Team, or transactions approved within the Finance Team, are checked systematically for compliance.

Compliance with the FM is a condition of grant. Failure to comply therefore puts income and the sustainability of the College at risk.

The key requirements and evidence of compliance are provided below in summary form. Additionally, the document makes reference to the Code of Good Governance and transparent governance. The Board of Management has separate processes in place to ensure that it continues to operate the highest standards of corporate governance.

The detailed requirements are provided in the full Financial Memorandum and the College is of the view that, apart from the non-compliance highlighted in red below, it is fully compliant with the other requirements. A summary is provided below:

Summary of Requirement	Evidence
The College must deliver its commitment in the ROA.	The College exceeded its activity target for 2023/24. This information is reported separately in detail to the Board of Management and GCRB.
The College must have regard to public sector pay policy.	This is generally superseded by National Collective Bargaining and the Remuneration Committee considers the public sector pay policy and National Bargaining in setting the salary increases of the Senior Managers.
Tuition Fees must be in line with those set by Scottish Ministers where appropriate and must not exceed £9,000 per year.	The Fee policy approved by the Board was applied during the year and complies.
The College must follow SFC guidance on the disposal of exchequer funded assets.	The College complied fully with the guidelines in respect of the disposal of West Campus.
The College must provide student activity data to the SFC as requested.	The College uploads all data through its MIS system in line with the specifications and timescales set by the SFC. The most recent audit verification checks completed on the Student Activity Data were reported to the Audit and Risk Committee held on 26 th November 2024.
Student support and European Social Fund guidance must be followed.	The Student Funding Team and Business Development Team ensure all guidance is complied with and the audit process provides independent assurance. The most recent verification checks completed on the SFC Funding were reported to the Audit and Risk Committee held on 26 th November 2024.
The College must operate an Audit Committee and have appropriate Internal and External Audit arrangements in place and the Audit Committee must produce an annual report.	The Audit and Risk Committee is fully compliant with all SFC requirements, and the College has an effective and compliant internal audit service in place. The Audit and Risk Committee Annual Report is detailed and published each year. The Audit Committee provides a summary of each meeting to GCRB.
The College must follow the Accounts Direction in the preparation of its Annual Financial Statements.	The accounts comply with the Accounts Direction and this is reviewed by the External Auditor, three recommendations for improvement were made made for implementation in 2023/24 and these have been fully implemented.

Summary of Requirement	Evidence
	Two recommendations were made for implementation in 2024/25 and good progress has been made with these.
The College must have a strategy for reviewing value for money (vfm).	The College had a VFM strategy in place up to 2018/19 and reported on progress to the Board each year. The College also provided an institutional efficiency report to GCRB which detailed performance in 2018/19. VFM was then incorporated into the College's Transformation and Renewal Plan, which is reported to the Board, and is also built into the Financial Strategy for 2022-2027. The Transformation and Renewal Plan was replaced by the College Operating Plan 2022-27 in October 2022. The College has recently implemented a best value process which goes further than Vfm and Audit Scotland is happy with this. A best Value report was taken to The Finance & Resources Committee in October 2024.
Scottish Ministers must approve all borrowing.	Not applicable, the College has no borrowing.
Cash management and banking should be managed in line with public sector requirements.	The College reports its cashflow to the SFC monthly, on time. It seeks to avoid holding excess cash.
The College should seek consent if it grants indemnities which are outwith the normal procurement process.	The College seeks to remove indemnities from contracts where possible. Normally this is not possible in respect of normal procurement contracts or contracts with other public bodies such as Skills Development Scotland. The College has comprehensive insurance in place which covers it for many of the risks which may give rise to a claim. All contracts are signed off by the Principal, a Vice Principal or Director.
The College must operate within the delegated financial limits.	The College believes it complies with these. Where necessary the College will seek permission from GCRB to write off bad debts. In respect of procurement, there are still a small number of contracts made by legacy colleges which are not fully compliant with the current procurement regulations.

Summary of Requirement	Evidence
The College must provide procurement information as required.	The College participates fully in all requests for information and has a procurement function in place, employed by APUC to ensure compliance with reporting requirements.
The College should comply with guidance on early departures for staff.	The College sought appropriate permissions for the operation of the current Voluntary Severance Scheme and is compliant fully with guidance. This Scheme will end on 31 December 2025. Thereafter the plan is to seek approval for a further VS Scheme for 2 years. During the 2023/24, due to urgent operational requirements and to protect the organisation, the College entered into two Settlement Agreements without the prior approval of GCRB or the SFC. Both Agreements were within the Guidelines and the College retrospectively requested approval. This has been acknowledged as non-compliance by the SFC. The College responded to the SFC and the matter is now closed. Audit Scotland noted this in their Annual Report for 2023/24.
Colleges may transfer any surplus to its arm-length foundation.	Any donations to the ALF from the College are approved by the Board of Management, but there have been none in the last few years. The ALF has supported the College Capital Programme throughout in recent years as well as supporting new digital posts for one year, two years of a Sustainability Manager and contributing to the Campus Reinvestment Project.

Additionally, there is a provision that the College should comply with the Scottish Public Finance Manual (SPFM) unless a specific derogation has been granted. There are sector wide derogations in respect of the ability of colleges to continue to purchase commercial insurance.

The College has sought to comply with the SPFM and relevant staff are aware of its requirements.

Overall the College is content that it complies with the Financial Memorandum and the SPFM.

3. Resource Implications

The compliance framework within which the College operates is requires significant managerial and administrative resources to ensure proper compliance and this is factored into the College's governance arrangements.

4. Impact on Students

There are no negative impacts on students identified as a consequence of anything within this report.

5. Risk and Assurance

There is a risk of non-compliance with the Financial Memorandum which could have significant consequences in respect of the use of resources and reputational damage.

The contents of this report seek to provide the Board of Management with reassurance that this risk is being managed appropriately.

7. Equality

No disproportionate negative impacts on people with protected characteristics have been identified as a consequence of this report.

8. Data Protection

There are no new data protection issues arising from the contents of this report.

9. Environmental and Sustainability

There are no Environmental and Sustainability implications arising as a consequence of this report.

10. Recommendations

Members of the Board of Management are recommended to:

- i) note the contents of this report and the link to the [Financial Memorandum between Glasgow Colleges' Regional Board and Assigned Colleges](#); and
- ii) note the College self-assessment of its compliance with the Financial Memorandum.

11. Further Information

Further information on the contents of this report is available from the Vice Principal Operations, jevans@glasgowkelvin.ac.uk or the Principal, joannacampbell@glasgowkelvin.ac.uk