Audit Committee Meeting

Date of Meeting	Tuesday 29 May 2018
Paper Title	Institutional Efficiency
Agenda Item	12
Paper Number	AC4-H
Responsible Officer	Jim Godfrey, Finance & 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 returns submitted by the three colleges in Glasgow.

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. The key elements of the SFC publication were reported to the previous meeting of this Committee.

    3.2. GCRB sent the consolidated return to SFC to meet the deadline of 27 April 2018. The individual college returns are attached as annexes to this report.

    3.3. 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 appropriate for audit purposes. 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.

Name of institution: Glasgow Kelvin College
Institutional Efficiency - Collection of information about savings for 2016-17

Workstream codes: BPI - business process improvements; C - collaboration; S - shared service; E - estates; I - income; P - procurement (non-APUC); and O - other.

Workstream code	Name and description of project/activity and how benefits have been delivered (each project/activity should be a separate entry)		2016-17 savings £000	Brief desciption of calculations/comments.
		Cash		
		New (in each year) recurring efficiencies	600.0	
		One-off efficiencies	0.0	
		Total cash gains	**600.0**	
		Time		
		New (in each year) recurring efficiencies	0.0	
	Annual revenue savings generated from	One-off efficiencies	0.0	
E	Estates rationalisation - sale of City Campus	**Total time gains**	**0.0**	Saving equivalent to annual running cost of building prior to its sale.
		Cash		
		New (in each year) recurring efficiencies	40.0	
		One-off efficiencies	0.0	
		Total cash gains	**40.0**	
		Time		
	Annual revenue savings from reduction in	New (in each year) recurring efficiencies	0.0	Saving due to reduced staffing achieved as sabatical periods came to an end. The operating model of the Student Association has changed
	number of paid student association	One-off efficiencies	0.0	to minimise the impact on the learner experience and learner
	sabattical posts following ending of specific			
BPI	funding from SFC	**Total time gains**	**0.0**	engagement in the College.

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Workstream code	Name and description of project/activity and how benefits have been delivered (each project/activity should be a separate entry)		2016-17 savings £000	Brief desciption of calculations/comments.
E	Rental cost savings following repair of Sprinburn Gym Hall	**Cash**		Saving on rental costs following repair of defect which resulted in groundwater ingress over a number of years.
		New (in each year) recurring efficiencies	25.0	
		One-off efficiencies	0.0	
		Total cash gains	**25.0**	
		Time		
		New (in each year) recurring efficiencies	0.0	
		One-off efficiencies	0.0	
		Total time gains	**0.0**	
BPI	Savings as a consequence of implementation of Strategic Regional Curriculum review which directed college activity away from much of its degree provision	**Cash**		Reduced charges from degree awarding bodies.
		New (in each year) recurring efficiencies	60.0	
		One-off efficiencies	0.0	
		Total cash gains	**60.0**	
		Time		
		New (in each year) recurring efficiencies	0.0	
		One-off efficiencies	0.0	
		Total time gains	**0.0**	
	Additional Income secured from Robertson Trust to support provision for young people leaving care	**Cash**		Additional income which has enabled a significant improvement in the quality and quanty of delivery targeted at young people leaving care in the Glasgow region
		New (in each year) recurring efficiencies	**66.0**	
		One-off efficiencies		
		Total cash gains	**66.0**	
		Time		

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Workstream code	Name and description of project/activity and how benefits have been delivered (each project/activity should be a separate entry)		2016-17 savings £000	Brief desciption of calculations/comments.
I		New (in each year) recurring efficiencies		
		One-off efficiencies		
		Total time gains	0.0	
o	Voluntary severance - July 2016 leavers	**Cash**	796.0	annual savings from July 2016 leavers as part of VS scheme designed to enable the College to reduce in size following agreement to transfer activity and funding to City of Glasgow College
		New (in each year) recurring efficiencies		
		One-off efficiencies		
		Total cash gains	0.0	
		Time		
		New (in each year) recurring efficiencies		
		One-off efficiencies		
		Total time gains	0.0	

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Workstream code	Name and description of project/activity and how benefits have been delivered (each project/activity should be a separate entry)		2016-17 savings £000	Brief desciption of calculations/comments.
BPI	Rationalisation of pre merger photocopier / printer and vending machine lease arrangements / software licenses / marketing costs	**Cash**		
		New (in each year) recurring efficiencies	201.0	
		One-off efficiencies	0.0	
		Total cash gains	**201.0**	
		Time		
		New (in each year) recurring efficiencies	0.0	
		One-off efficiencies	0.0	
		Total time gains	**0.0**	savings resulting from ending of contracts.
O	Improvements in management of staff absence rates	**Cash**		
		New (in each year) recurring efficiencies	88.0	
		One-off efficiencies	0.0	
		Total cash gains	**88.0**	
		Time		
		New (in each year) recurring efficiencies	0.0	
		One-off efficiencies	0.0	
		Total time gains	**0.0**	percentage improvement in absence rate applied to staff budget

Total new annual cash efficiencies	**1876.0**	
Total one-off cash efficiencies	**0.0**	
Total new annual time-releasing efficiencies	**0.0**	
Total one-off time efficiencies	**0.0**	

Name of institution: Glasgow Clyde College

Institutional Efficiency - Collection of information about savings for 2016-17

Workstream codes: BPI - business process improvements; C - collaboration; S - shared service; E - estates; I - income; P - procurement (non-APUC); and O - other.

Workstream code	Name and description of project/activity and how benefits have been delivered (each project/activity should be a separate entry)		2016-17 savings £000	Brief desciption of calculations/comments
I	Increase in SFC ESF Funding from 2015/16 baseline (excluding SFC match funding)	**Cash**		The College received £2,192k of SFC ESF Funding for 2016/17 (2015/16 £1,747k) , an increase of £445k. Of this increase SFC have confirmed that £297k (2/3's) relates to income from outwith the Scottish Public Sector.
		New (in each year) recurring efficiencies	0.0	
		One-off efficiencies	297.0	
		Total cash gains	**297.0**	
		Time		
		New (in each year) recurring efficiencies	0.0	
		One-off efficiencies	0.0	
		Total time gains	**0.0**	
I	Increase in other European Funding from 2015/16 baseline	**Cash**		Income Note 3 in the College's 2016/17 Financial Statements shows Other European Funds of £114k (2015/16 £69k), an increase of £45k.
		New (in each year) recurring efficiencies	0.0	
		One-off efficiencies	45.0	
		Total cash gains	**45.0**	
		Time		
		New (in each year) recurring efficiencies	0.0	
		One-off efficiencies	0.0	
		Total time gains	**0.0**	

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Workstream code	Name and description of project/activity and how benefits have been delivered (each project/activity should be a separate entry)		**2016-17 savings £000**	Brief desciption of calculations/comments
		Cash		
		New (in each year) recurring efficiencies	0.0	
		One-off efficiencies	1661.0	
		Total cash gains	**1661.0**	
		Time		
		New (in each year) recurring efficiencies	0.0	Income Note 4 in the College's 2016/17 Financial Statements shows
I	Increase in income from Arms Length Foundation	One-off efficiencies	0.0	Income from the Glasgow Clyde Education Foundation of £2,573k
		Total time gains	**0.0**	(2015/16 £912k), an increase of £1,661k.
		Cash		
		New (in each year) recurring efficiencies	631.0	
		One-off efficiencies	0.0	
		Total cash gains	**631.0**	
	The College implemented a Voluntary Severance scheme as a result of the Glasgow Region Curriculum & Estates Review during 2015/16 which resulted in staff leaving between Jul16 and Mar17.	**Time**		The total reduction was 12.59 FTE and the resultant savings for 2016/17 were £631k as some staff left during 2016/17. This amount
		New (in each year) recurring efficiencies	0.0	will increase to £838k for 2017/18. This was previously reported to
		One-off efficiencies	0.0	SFC as part of the conditions of funding for the Glasgow Region
O		**Total time gains**	**0.0**	Curriculum & Estates Review.

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Workstream code	Name and description of project/activity and how benefits have been delivered (each project/activity should be a separate entry)		2016-17 savings £000	Brief desciption of calculations/comments
P	Procurement savings generated from local tenders and mini-competition exercises	**Cash**		In 2016/17 the College achieved procurement savings of £250k from local tenders and mini-competition exercises. For the purposes of this return these are shown as 'One-Off' savings as they will recur but only for the terms of the related contracts. These savings are in addition to the APUC Benefit Statement savings of £357k as reported directly to SFC by APUC.
		New (in each year) recurring efficiencies	0.0	
		One-off efficiencies	250.0	
		Total cash gains	**250.0**	
		Time		
		New (in each year) recurring efficiencies	0.0	
		One-off efficiencies	0.0	
		Total time gains	**0.0**	
O	Non- staff costs savings	**Cash**		The College's 2016/17 Financial Statements indicate that activity and related income levels remained stable between 2015/16 and 2016/17 when SFC Voluntary Severance funding and Arms Length Foundation Capital Funding are excluded. In addition Expenditure Note 8 indicates that Other Operating Expenses (excl Agency Staff costs) also remained stable between 2015/16 and 2016/17 remaining at flat cash. This therefore indicates that the College has achieved non-staff cost savings to offset inflation. The value of the saving has been calculated by multiplying 2015/16 non-staff operating costs of £11,374k by the Jul17 inflation rate of 2.6% as outlined on the ONS website at https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/latest
		New (in each year) recurring efficiencies	296.0	
		One-off efficiencies	0.0	
		Total cash gains	**296.0**	
		Time		
		New (in each year) recurring efficiencies	0.0	
		One-off efficiencies	0.0	
		Total time gains	**0.0**	
	Total new annual cash efficiencies		**927.0**	
	Total one-off cash efficiencies		**2253.0**	
	Total new annual time-releasing efficiencies		**0.0**	
	Total one-off time efficiencies		**0.0**	

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Workstream code	Name and description of project/activity and how benefits have been delivered (each project/activity should be a separate entry)		2016-17 savings £000	Brief desciption of calculations/comments

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Workstream code	Name and description of project/activity and how benefits have been delivered (each project/activity should be a separate entry)			2016-17 savings £000	Brief desciption of calculations/comments
	Salary savings through reduced number of teaching, management and admin staff posts to deliver student activity more efficiently . Savings through voluntary agreements and not replacing leavers.	**Cash**			Savings achieved across all teaching departments and support departments
			New (in each year) recurring efficiencies	1206.0	
			One-off efficiencies	0.0	
			Total cash gains	**1206.0**	
		Time			
			New (in each year) recurring efficiencies	0.0	
			One-off efficiencies	0.0	
BPI			**Total time gains**	**0.0**	
	Cost savings achieved to deliver student activity more efficiently.	**Cash**			Savings achieved across most college non staff budgets eg subscriptions,professional fees, IT costs, admin costs etc
			New (in each year) recurring efficiencies	120.0	
			One-off efficiencies	0.0	
			Total cash gains	**120.0**	
		Time			
			New (in each year) recurring efficiencies	0.0	
			One-off efficiencies	0.0	
BPI			**Total time gains**	**0.0**	
		Cash			
			New (in each year) recurring efficiencies	0.0	
			One-off efficiencies	0.0	
			Total cash gains	**0.0**	
		Time			
			New (in each year) recurring efficiencies	0.0	
			One-off efficiencies	0.0	
			Total time gains	**0.0**	
		Cash			
			New (in each year) recurring efficiencies	0.0	
			One-off efficiencies	0.0	
			Total cash gains	**0.0**	
		Time			
			New (in each year) recurring efficiencies	0.0	
			One-off efficiencies	0.0	
			Total time gains	**0.0**	
		Cash			
			New (in each year) recurring efficiencies	0.0	
			One-off efficiencies	0.0	

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Workstream code	Name and description of project/activity and how benefits have been delivered (each project/activity should be a separate entry)		2016-17 savings £000	Brief desciption of calculations/comments
		Total cash gains	0.0	
		Time		
		New (in each year) recurring efficiencies	0.0	
		One-off efficiencies	0.0	
		Total time gains	0.0	
		Cash		
		New (in each year) recurring efficiencies	0.0	
		One-off efficiencies	0.0	
		Total cash gains	0.0	
		Time		
		New (in each year) recurring efficiencies	0.0	
		One-off efficiencies	0.0	
		Total time gains	0.0	

Total new annual cash efficiencies	**1326.0**	
Total one-off cash efficiencies	**0.0**	
Total new annual time-releasing efficiencies	**0.0**	
Total one-off time efficiencies	**0.0**	