

### FINANCE AND RESOURCES COMMITTEE

<b>DATE:</b>	25 <sup>th</sup> April 2022
<b>TITLE OF REPORT:</b>	<b>College Foundation</b> <span style="float: right;"><b>Reference 31-22</b></span>
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<b>PURPOSE:</b>	To propose that the College make a transfer of funds to the College's Foundation.
<b>KEY RECOMMENDATIONS/ DECISIONS:</b>	<b>That the College consider a transfer to the College Foundation of £500,000, in principle, this being considered by the Committee and forwarded to the Board of management for ultimate approval.</b>
<b>RISK</b>	The Scottish Funding Council has confirmed, at a meeting in April 2022, that there are limited resources for capital investment. There is a risk if funds are not transferred to the Foundation that the College will have little or no access to funding for capital projects.
<b>RELEVANT STRATEGIC AIMS:</b>	<ul style="list-style-type: none"> <li>• Highest quality education and support - providing a high-quality environment for staff and students</li> <li>• Sustainable behaviours – environmentally sustainable behaviours.</li> </ul>
<b>SUMMARY OF REPORT:</b>	<p>The College currently has a high level of free funds. The balance has arisen for a number of reasons, the main ones being:</p> <ul style="list-style-type: none"> <li>• The balancing of the College accounts, year on year, has allowed an annual increase in cash balances and the good state of the building and infrastructure has meant that major repairs and replacements were not required. This situation has not changed and the College has identified a number of areas where investment is necessary;</li> <li>• Major capital investment was funded by a central Backlog Maintenance allocation from SFC for the 5 years to 2022/23 which allowed the College to address particular capital replacement and maintenance issues without reference to its own funds;</li> <li>• COVID restrictions meant that it was difficult to engage contractors who had either stopped trading or who were too busy on other projects, particularly when restrictions eased.</li> </ul> <p>The result is that there is a backlog of infrastructure works to be addressed, and there is a concern that our level of free funds would be seen as a reason not to fund the College appropriately, or to divert these funds to areas that would not benefit the College. To have those funds within the College Foundation would safeguard them.</p> <p>It should be noted that the final year of allocation, 2022/23, sees the College only receive £30,000 in Backlog Maintenance funds. This should be seen in the context of the full allocation over the past five years amounting to approximately £1.7 million, a figure which has allowed the College to address some major infrastructure challenges.</p> <p>The College would ensure that all appropriate checks and balances are carried out including, if required, that approval is received from the Scottish Funding Council for this transfer.</p>