

Board of Management

Meeting of the Finance & Physical Resources Committee

MINUTE OF 5th MEETING HELD ON WEDNESDAY 1 JUNE 2022 AT 1600 HRS (FPRC5)

Present	
Karen Kelly (KK) (Convener)	Ronnie Quinn (RQ)
Paul Little (PL)	Lesley Woolfries (LW)
In attendance	
Barry Ashcroft (BA)	Jill Loftus (JL) (Item 4.1 only)
Michael Cross (MC)	Stuart Thompson (ST)
Mark Drummond (MD)	
John Gribben (JFG) (Item 4.1 only)	Ann Butcher (Minute)
Apologies for absence	
Nicola Cameron (NC)	Stuart Patrick (SP)
Sheila Lodge (SL)	Bernie Savage (BS)

Item FPRC5-1	Apologies for Absence	
Paper No:	Lead: Convener	Action requested: Note
Decision/Noted	Apologies were received from NC, SL, SP and BS.	

Item FPRC5-2	Declarations of Interest	
Paper No:	Lead: Convener	Action requested: Note
Decision/Noted	There were no declarations of interest.	

Item FPRC5-3.1	Minute of Previous Meeting held on 9 March 2022	
Paper No: FPRC5-A	Lead: Convener	Action requested: Approve
Decision/Noted	That the minute be approved, subject to minor amendment.	
	<p>Matters Arising</p> <p>Voluntary Severance Scheme PL reported that following discussion at the Glasgow College Principals Group, a consensus agreement was reached that terms for the VS schemes should be aligned. A variation reducing the benefit to the initial CoGC scheme was approved at the SSEC meeting on 18 05 22 and will be submitted to GCRB and SFC for further approval.</p> <p>North Hanover Street Sale The Committee was informed that the overage payment has now been received. A request to the SFC and Scottish Government to retain the full compromise payment has been submitted.</p>	

Item 4.7 was taken.

Item FPRC5-4.7		IT Progress Report	
Paper No: FPRC5-J	Lead: B Ashcroft	Action requested: Discuss	
Discussion/ Matters Arising	<p>BA provided members with an update on the progress of key Digital Strategy aims. A staff and student trial pilot for a new virtual desktop (Azure) to replace Citrix is currently ongoing and is expected to be fully in place by AY 2022-23. Multi factor Authentication (MFA) has been successfully rolled out to all staff for Office 365. The College has also achieved Cyber Essential Plus accreditation for a further 12 months. The significant number of compliance pre-requisites achieved were commended.</p> <p>BA further informed that Phase 1 of the new student intranet platform 'CityLife' will go live at the start of session 2022-23. Costs for replacement and upgrade of the City atrium screen were confirmed and plans are also in place for completion next session. To reduce IT calls, a new IT System Status indicator has been developed on MyConnect. The procurement process for the new Service Desk is ongoing and will be implemented by September 2022.</p> <p>KK acknowledged the significant achievements made.</p> <p>ST reported that clarification from the Scottish Government over recovery options for student laptops has yet to be received. GCRB and SFC have no official stance on this issue. He informed that addresses of unreturned laptops are being cross-checked against the Scottish Index of Multiple Deprivation (SIMD) with a view to avoid targeting students living in low level areas of deprivation with a debt collection agency. Members considered this would be a biased approach and the recovery process must be equally applied to all students.</p> <p>The Committee reminded that as custodians of public funds, College assets must be safeguarded. All measures must be taken to recover the devices as a decision to 'write off' the debt would set a precedence. As previously agreed, a solicitor's legal letter will be issued to appropriate students explaining the steps required to return the device or repay money owed, prior to escalation to a debt agency. Recognising the detrimental impact to some students, additional support advice and College contact details will also be included. An update report will be provided for further review.</p>		
Decision/Noted	To issue solicitor's legal letter to students as appropriate.		

BA left the meeting.

Item FPRC5-3.3		Accounting Policy Update	
Paper No: FPRC5-B	Lead: M Drummond	Action requested: Approve	
Discussion/ Matters Arising	<p>An updated Accounting Policy with proposed minor changes taking account of recommendations from the 2020-21 External Audit Report was submitted. LW requested clarification on application of Accounting Policies to the College Company. MD confirmed that all College Policy documents apply to the Glasgow City International Ltd. Whilst commercial</p>		

	companies have different VAT status, detail is not required within this Policy.
Decision/Noted	To approve the revised Accounting Policy.

Item FPRC5-3.3 Charles Oakley Building (COB) Option Appraisal	
Paper No: FPRC5-C	Lead: S Thompson Action requested: Approve
Discussion/ Matters Arising	<p>ST provided an overview of the COB Options Appraisal document setting out the 5 potential Options for consideration. Further detail and points of clarification on each of the following Options were provided:</p> <ol style="list-style-type: none"> 1. Do Nothing. 2. Sale. 3. Demolition. 4. Refurbishment and Development as Education Space (Including a Sub option with potential expansion to ground to North). 5. Refurbishment and Development as Student Residences (Including a Sub option with potential expansion to ground to North). <p>All options including potential capital costs, operating expenses and revenue implications were discussed at length. The Committee agreed that Option 5, to include a holding 'Do Nothing' Option (with annual costs) would be taken forward to Outline Business Case stage.</p> <p>Depending on financial viability of Option 5 Outline Business Case, members suggested that Option 2 'Sale' would be further considered. Members agreed that this option has potential negative impacts. PL reminded that receipt from the sale would have to be returned to the Scottish Government and control of building development next to City Campus would be lost.</p>
Decision/Noted	To endorse Option 5 - Refurbishment and Development as Student Residences (including a Sub option with potential expansion to ground to North) with additional 'Do Nothing' Option be taken forward to Outline Business Case stage for approval by the full Board.

JFG and JL entered the meeting.

Item FPRC5-4.1 Health and Safety Quarterly Report	
Paper No: FPRC5-D	Lead: J Gribben/J Loftus Action requested: Discuss
Discussion/ Matters Arising	<p>JFG updated the Committee on Health and Safety matters for the period 01 02 22 – 30 04 22. The Committee noted that COVID absence data has been included for staff and student with 1268 cases (Sept 20 -April 22) being recorded. The following matters were highlighted:</p> <ul style="list-style-type: none"> • 23 accidents/incidents (including 3 RIDDOR) were recorded. The significant increase compared with last year's reporting period is due to activities returning to on site teaching. • A variety of training including DSE and Manual Handling has been provided to staff. • Summary of risk assessments submitted were noted.

- Planned fire evacuation drills on both Campuses were undertaken and areas of improvement identified are being actioned.
- Regular monthly Health and Safety meeting discussions were noted.
- Fire incident at COB was reported. Security has been increased and broken windows have been boarded to prevent access.
- Recent Halls of Residence evacuation was reported.

LW referred to the high level of glass panel faults attributed to Nickel Sulphide and asked for additional testing information. ST reported that a briefing session with the glass manufacturer and SMT was held (circa 2019) and a subsequent independent investigation was commissioned by GLQ during 2021. The report's findings showed no fundamental flaws in the glass or buildings. A copy of the report will be circulated to members.

ST reassured that all glass panels are toughened with additional lamenet protection in place as appropriate to help strengthen the glass and hold together broken fragments. This reduces any likelihood of injury and the overall risk to staff and students is low. The College public liability insurers will be informed.

Decision/Noted

- To seek approval from GLQ to circulate glass report to members.
- To advise College Public Liability Insurers on glass fault issue.

JFG and JL left the meeting.

Item FPRC5-4.2		Financial Forecast Report 2021-22	
Paper No: FPRC5-E	Lead: M Drummond	Action requested: Discuss	
Discussion/ Matters Arising	<p>MD presented the Financial Forecast Report 21-22 update report. The budget had been set with an underlying operating deficit of £740k to reflect the significant effects of the pandemic on the non-SFC income streams. The revised year end forecast shows a deficit of £1.0m (previous forecast showed c£2.0m deficit). This improved position from the March report reflects improvements driven by delivery of additional YPG credits, a reduction in recruitment approvals and strike pay deductions.</p> <p>MD further highlighted potential risks to achieving this outturn including failure to meet the credit requirement and current negotiations for the final staff pay settlements which may be higher than originally forecast.</p>		
Decision/Noted	To note the report.		

Item FPRC5-4.3		Draft Budget 2022-23	
Paper No: FPRC5-F	Lead: M Drummond	Action requested: Discuss	
Discussion/ Matters Arising	<p>MD provided an overview of the proposed budget for 2022-23 which shows an underlying deficit position of £2m. The draft budget incorporates further cost saving efficiencies that are yet to be identified in order to mitigate the effects of a real-term SFC funding cuts and bring back the deficit back towards the target and retain projected cash reserves. The Committee noted the ambition to further minimise the deficit in 2022-23 and return to a breakeven position in 2023-24.</p>		

	Members welcomed and commended the improvements made.
Decision/Noted	To endorse the proposed budget 2022-23 for approval at the June Board meeting.

Item FPRC5-4.4	Financial Projection: 5 Year View	
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Paper No: FPRC5-G	Lead: M Drummond	Action requested: Discuss
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Discussion/ Matters Arising	<p>MD presented an updated 5-year financial projection at the meeting and advised that the original paper submitted represented a baseline assumption of a 3 year 'flat cash' funding settlement with annual increases from 2025-26 onwards. Given the recent Scottish Government Spending Review announcement, 'flat-cash' funding is now expected to continue for the 5-year period. Whilst the level of efficiencies would have been sustained, expenditure will continue to show an increase and efficiencies will need to increase.</p> <p>The Committee raised some concern with the medium financial projection to return to a breakeven position in 2023-24 and the longer-term financial sustainability however recognised the ongoing challenges and degree of variables that were out with management control. Members were reassured by the balanced recovery approach to recover and grow income streams and management cost controls in place to mitigate inflationary pressures.</p>	
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Decision/Noted	To note the update report.	
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Item FPRC5-4.5	Final Capital Plan 2021-22	
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Paper No: FPRC5-H	Lead: M Drummond	Action requested: Approve
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Discussion/ Matters Arising	<p>MD reminded that the set of priority capital projects approved in December 2021 identified the need for additional in year expenditure which at that time, were constrained by lack of funding. In addition to current project underspends, ELT have identified an opportunity to realign SFC maintenance and capital grant funding and bring forward additional priority projects including refurbishment of the Ship Simulator which is experiencing service and maintenance issues.</p> <p>Supplementary information on the Ship Simulator software and hardware upgrade requirements were also submitted for review. ST reported that it had been determined that only minimal maintenance had be undertaken as the simulators would be replaced within the proposed new innovation centre however upgrading the system was now deemed essential to ensure compliance and stability necessary to maintain critical business delivery and operability of the simulator suites. To minimise any impact on delivery next session, it was proposed that a single source procurement process be instigated next week. This will allow the upgrade to be undertaken during the summer period.</p> <p>The Committee approved the additional 2021-22 capital expenditure in principle subject to provision of additional procurement documentation for final approval early next week.</p>	
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Decision/Noted

To approve the additional capital expenditure subject to provision and approval of procurement documentation.

Item FPRC5-4.6 Non-Compliant Spend Report

Paper No:
FPRC5-I

Lead: S Thompson

Action requested: Discuss

Decision/Noted

To note the Q3 non-compliant spend report.

Item FPRC5-4.8 Strategic Risk Review

Paper No:
FPRC5-K

Lead: S Thompson (for SL)

Action requested: Discuss

**Discussion/
Matters Arising**

In the absence of SL, ST introduced the updated risk MAPs and recently reviewed (by AAC) risk scores to risks related to the Committee's areas of responsibility. The following risk matters were discussed:

Proposed new Risk 30 – *Failure to Secure Sufficient Capital Investment* was submitted. This MAP addresses the risk should the College be unable to secure sufficient capital investment to allow for replacement of all end of life equipment. The proposed new Risk and Risk Score 4 x 3 = 12 (AMBER) was agreed.

ST reported that AAC had considered removal of Risk 22 – *Negative Impact of Brexit*. It had been agreed that the impact of Brexit was only now becoming apparent and the Risk should remain on the Register for further review early next year. This approach was also agreed by FPRC members.

Decision/Noted

- To agree inclusion of additional Risk 30 – *Failure to Secure Sufficient Capital Investment*.
- To maintain Risk 22 – *Negative Impact of Brexit* until early next year (circa Feb 2023).

Item FPRC5-5.1 Facilities Management Report

Paper No:
FPRC5-L

Lead: S Thompson

Action requested: Note

Decision/Noted

To note the progress and update on estate and facilities management.

Item FPRC5-5.2 Credit Delivery Update

Paper No:
FPRC5-M

Lead: S Thompson

Action requested: Note

Decision/Noted

- To note the planned additional Credits for 2021-22.
- To note the current planning and projection for 2021-22.

Item FPRC5-5.3 Treasury Management Policy

Paper No:
FPRC5-N

Lead: M Drummond

Action requested: Note

Decision/Noted

To note that the biannual review of the Treasury Management Policy was completed with no changes proposed.

Item FPRC5-6		Any Other Notified Business	
Paper No: Verbal	Lead: Convener	Action requested: Note	
Decision/Noted	None		

KK announced her intention to step down from the Board following the full Board meeting on 15 June. She extended her thanks and gratitude to fellow Board members and College staff for their support and contributions made to Committee meetings. She had every confidence that the Committee and management would continue to effectively deal with the difficult financial challenges ahead. On behalf of the Committee, LW praised her exceptional convenorship. She was a valued member of the Board and the many years of dedicated commitment and expertise provided would be greatly missed. PL thanked KK for the significant contribution she had made to the College particularly during periods of substantial change. Her wisdom and leadership particularly on this Committee would be greatly missed.

Item FRP5-7		Disclosability of Papers	
Paper No:	Lead: M Cross	Action requested: Verbal	
Decision/Noted	That the disclosability status of papers as described on respective cover sheets be retained.		

Item FPRC5-8		Date of Next Meeting	
Paper No:	Lead: Convener	Action requested: Note	
Decision/Noted	Wednesday 14 September 2022		

The meeting closed at 1830 hours.

ANNEX TO THE MINUTE

ACTION POINTS ARISING FROM THE MEETING

Item	Description	Owner	Target Date
FPRC5-4.7 01 06 22	IT Progress Update: Issue solicitor's legal letter to students as appropriate.	ST	ASAP
FPRC5-3.3 01 06 22	COB Option Appraisal: Endorse Option 5 to be taken forward to Business Case stage for approval at next Board meeting.	ST	BoM Mtg 15 06 22
FPRC5-4.1 01 06 22	Health & Safety Report: Seek approval from GLQ to release Glass Report for circulation to members.	ST	ASAP
FPRC5-4.1 01 06 22	Health & Safety Report: To advise Public Liability Insurers on glass fault issue.	ST	ASAP
FPRC5-4.8 01 06 22	Strategic Risk Review: Agree inclusion of new Risk 30.	SL	Complete
FPRC5-4.8 01 06 22	Strategic Risk Review: Maintain Risk 22 for further review early next year.	SL	Complete

ACTION POINTS ARISING FROM THE MEETING

Item	Description	Owner	Target Date
FPRC4-3.3	Committee ToRs: Update as agreed.	PC	ASAP Complete
FPRC4-4.9 09 03 22	IT Progress Report: Provide update on recovery of student devices.	BA	01 06 22 Complete
FPRC4-4.1 09 03 22	H&S Report: Provide Covid graph.	JFG/JL	01 06 22 Complete
FPRC4-4.2 09 03 22	Financial Plan 21-22: Provide additional information as requested.	ST/MD	01 06 22 Complete
FPRC4-4.2 09 03 22	Financial Plan 21-22: Submit agreed VS Scheme for approval at full Board.	ST/MD	01 06 22 Complete
FPRC4-4.3 09 03 22	Early View Budget 22-23: Submit final budget and long-term projection.	ST/MD	01 06 22 Complete
FPRC4-4.4 09 03 22	Estates Development Strategy: Provide update at next meeting.	ST	01 06 22 Complete
FPRC4-4.7 09 03 22	Treasury Management Policy: Provide update.	MD	01 06 22 Complete
FPRC4-4.8 09 03 22	Accounting Policy: Provide update.	MD	01 06 22 Complete
FPRC4-5.2 09 03 22	Impact of Brexit: Consider removal of Risk 22.	ST	ASAP Complete
FPRC4-6 09 03 22	NHS Overage Agreement: Provide update paper to the Board.	ST	ASAP Complete

FPRC2-3.1 01 12 21	MA, Forecast Financial Plan: RAG rate initiatives.	ST/MD	09 03 22 Complete
FPRC4-3.3 02 06 21	My Development: Update Business Case as agreed.	JFG	ASAP