

Board of Management

Meeting of the Finance & Physical Resources Committee

MINUTE OF 1st MEETING HELD ON WEDNESDAY 14 SEPTEMBER 2022 AT 1600 HRS (FPRC1) AT CITY CAMPUS.

Present	
Paul Little (PL)	Ronnie Quinn (RQ)
Megan McClellan	Lesley Woolfries (LW) (Convener)
In attendance	
Michael Cross (MC)	Jill Loftus (JL) (Items 1 - 4.1 only)
Mark Drummond (MD)	Stuart Thompson (ST)
John Gribben (JFG) (Items 1 - 4.5 only)	Ann Butcher (Minute)
Sheila Lodge (SL)	
Apologies for absence	
Stuart Patrick (SP)	

Item FPRC1-1	Apologies for Absence	
Paper No:	Lead: Convener	Action requested: Note
Decision/Noted	Apologies were received from SP.	

Item FPRC1-2	Declarations of Interest	
Paper No:	Lead: Convener	Action requested: Note
Decision/Noted	LW declared an interest.	

Item FPRC1-3.1	Minute of Previous Meeting held on 1 June 2022	
Paper No: FPRC1-A	Lead: Convener	Action requested: Approve
Decision/Noted	That the minute be approved, subject to minor amendment.	
	<p>Matters Arising</p> <p>North Hanover Street Sale - Overage Payment ST reaffirmed that the overage payment had been made in full. Advice from the Scottish Funding Council (SFC) and Scottish Government (SG) to retain this payment is still awaited.</p> <p>Student Laptop Scheme ST confirmed that final invoice/letters have been sent to ex-students still to return loan laptops from AY 20-21. Acceptable levels of return and required actions to be taken have yet to be agreed. A triage for escalation will be identified within the recovery strategy.</p> <p>Glass Report</p>	

ST provided member with an update on the glass panel issue; external glass panels will be heat soaked to further mitigate risk of breakage. A dispute continues between SRM and FES on responsibility for heat soaking internal glass panels and the College has been advised that the glass report will not be released until this has been resolved. Recognising the duty of care to staff and students, the College should seek to ensure the environment is safe. The report will be circulated to the Committee when available.

Public Liability Insurance

ST advised that discussion has taken place with UMAL regarding insurance liability for glass panel breakage and confirmed that the College insurance covers this issue.

Learning Experience Platform

JFG advised that the learning experience platform has now been purchased and is currently in the advanced stage of development to be rolled out to staff early 2023. Testing will take place during November/December prior to implementation. ST confirmed that the completed business case has now been through multiple layers of scrutiny and governance approvals. The outstanding action was considered complete.

Item FPRC1-3.2	Committee Programme of Work 2022-23	
Paper No: FPRC1-B	Lead: M Cross	Action requested: Approve
Decision/Noted	That the Programme of Work for 2022-23 was approved.	

Item FPRC1-3.3	Procurement Strategy	
Paper No: FPRC1-C	Lead: S Thompson	Action requested: Approve
Discussion/ Matters Arising	<p>An updated Procurement Strategy, developed in line with SG requirements, was submitted for review. The following updates were agreed:</p> <ul style="list-style-type: none"> • Include treatment and advice on acquisition of assets; • refer to the College Group where appropriate; • amend Page 16, under Finance, Pt 3 revise 'SGD' to 'SDG'. <p>A summary of acronyms and abbreviations will also be provided.</p>	
Decision/Noted	Subject to agreed amendments, the Procurement Strategy was approved for publication on the College website.	

Item FPRC1-3.4	Fraud Prevention Policy	
Paper No: FPRC1-D	Lead: M Drummond	Action requested: Approve
Discussion/ Matters Arising	MD reported that the biannual review of the Fraud Prevention Policy has now been completed and proposed minor changes were submitted and reviewed. No additional amendments were proposed.	

Decision/Noted That the Fraud Prevention Policy be approved.

Item FPRC1-3.5		Health and Safety Policy
Paper No: FPRC1-E	Lead: J F Gribben/ J Loftus	Action requested: Approve
Discussion/ Matters Arising	The revised Health and Safety Policy was submitted for review with no key changes proposed. Members discussed inclusion of the College Group within the Policy. Whilst the College subsidiary will adopt CoGC Policies by default, the difference in the trading company reporting structure was recognised and it was suggested that a separate Health and Safety Policy be developed for City of Glasgow International Ltd. No additional changes were proposed.	
Decision/Noted	That the Health and Safety Policy be approved for signature by the Chair of the Board of Management.	

Item FPRC1-4.1		Health and Safety Annual Report 2021-22
Paper No: FPRC1-F	Lead: J F Gribben/ J Loftus	Action requested: Discuss
Discussion/ Matters Arising	<p>JFG provided a brief overview of the Health and Safety Annual Report 2021-22 covering significant activity across the College. The format of the report is now more reader-friendly.</p> <p>Recommendations following the recent Internal Audit and planned programme of actions (which are already in place) were particularly highlighted. Members noted that only four recommendations were listed within the Report and it was agreed this would be updated to include all six recommendations.</p> <p>The Committee was reassured that attendance issues at Health and Safety Committee meetings has now been resolved.</p>	
Decision/Noted	To update the report as agreed.	

JL left the meeting.

Item FPRC1-4.2		Financial Forecast Report 2021-22 (Draft out-turn)
Paper No: FPRC1-G	Lead: M Drummond	Action requested: Discuss
Discussion/ Matters Arising	MD reported that finalisation of the draft 2021-22 out-turn report will continue throughout September. Whilst this is still evolving, the early consolidated position shows further improvement in the underlying operating deficit driven by underspend and savings across staff and non-staff expenditure during the final quarter. The current projected position may result in a final improved out-turn deficit of around £0.5m. Outstanding factors which will significantly influence this position were reported. Members noted that confirmation of valuation on buildings and pensions assets/liabilities is still awaited.	

	The Committee commended the management team for the efforts made towards achieving a more favourable position.
Decision/Noted	To note the update report.

Item FPRC1-4.3	Budget 2022-23 – Revised Budget and Savings Target	
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Paper No: FPRC1-H	Lead: M Drummond	Action requested: Discuss
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Discussion/ Matters Arising	<p>MD reminded the Committee of the agreed revised budget deficit position of £3.4m, requiring £4m of in-year improvements against the baseline cost and income assumptions. The revised cash position for July was noted. PL added that the proposed cost savings were considered realistic and SMT are fully aware of the scale of the challenge to deliver increased savings and improvements over the next 3 years.</p> <p>SL confirmed that financial updates have been provided at the Local Negotiation Committee meeting which includes Trade Union representatives. Engagement and consultation will be ongoing. A finance briefing sheet will also be provided to all managers to share with teams for feedback on additional potential savings in respective areas.</p> <p>Members offered their support and attendance at future meetings if considered appropriate. It was agreed that representatives from the Student Presidential Team be invited to attend. ST offered his additional support and welcomed a separate update meeting with the Presidential Team.</p>	
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Decision/Noted	<ul style="list-style-type: none"> To note the increased cost pressures impacting the College since the original 2022-23 budget was approved in June; To note the revised budget position and target savings agreed by Board of Management on 24 August, and; To note the Foundation’s support of the College’s grant application for £1.1m investment in a Voluntary Severance scheme. 	
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Item FPRC1-4.4	Financial Forecast Return (FFR)	
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Paper No: Verbal	Lead: M Drummond	Action requested: Discuss
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Discussion/ Matters Arising	<p>MD informed that the SFC FFR return will be submitted following the required assumptions and necessary actions to balance the College’s operating position. Following discussion and agreement through the Finance Directors Network, it has also been agreed that a separate, more realistic FFR return, in line with current planning assumptions will also be submitted by the end of this month.</p>	
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Decision/Noted	To note the update.	
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Item FPRC1-4.5	Financial Challenges and Solutions (Mitigations & Interventions)	
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Paper No: FPRC1-I	Lead: J F Gribben	Action requested: Discuss
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Discussion/ Matters Arising	<p>JFG reported that the proposed mitigations and interventions submitted provide a solution towards meeting the revised 2022-23 savings target of</p>	
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£4m. The initiatives include timelines, ELT/SMT ownership/leads and target savings. The firm plan for improvements provides details of complex savings proposals which are interconnected - with the majority coming from staff savings. He further stated that compulsory redundancy will be considered only when all other options are exhausted.

The summary of all mitigations and interventions identified to deliver the in-year savings target was reviewed. It was noted that these will run concurrently with other aspects of organisational change (ie restructure).

Members were reassured by the direction of travel and firm plan however stressed that achieving the proposed outcome would be challenging and should not be underestimated. The Committee welcomed further suggestions from staff and Trade Unions to provide additional initiatives for savings and income generation.

JFG informed that as a matter of priority, individual project plans would be created to monitor the delivery of cost savings within the agreed timescales. These will need to be adequately resourced and if necessary elements may need to be outsourced. Monthly reporting and a detailed roadmap will be produced and reviewed by senior management to track progress to ensure projects are being delivered.

The Committee noted that a pay award for non NRPA employees would be submitted for consideration at the next meeting of the Remuneration Committee.

Decision/Noted

- To note the mitigations and interventions.
- To provide an update report at the next meeting.

JFG left the meeting.

Item FPRC1-4.6		Strategic Risk Reviews	
Paper No: FPRC1-J	Lead: S Lodge	Action requested: Discuss	
Discussion/ Matters Arising	<p>The FPRC risks and management action plans (MAP) were reviewed. SL drew attention to Risk 15 and informed that due to extensive discussion on the substantial increase to the financial challenge faced, the Audit and Assurance Committee agreed to increase the Risk Score to 25 (5 impact x 5 likelihood).</p> <p>RQ questioned the need to increase the Risk Score to the highest level as the Gross Risk Score (25) assumes that no treatment is being taken. Whilst recognising the severity of the situation, the agreed mitigations and interventions demonstrate that appropriate actions are being undertaken to reduce the deficit. He suggested that the overall risk should be lower than 25.</p> <p>ST considered that the highest-level scoring reflects the gravity of the situation; the substantial challenges faced and significant actions required to reduce the deficit. If the College reaches a more sustainable level of loss then the risk should then be reduced.</p> <p>LW understood the rationale for increasing the Risk Score to 25 and reminded that this was a 'snapshot in time' and does not reflect the</p>		

	<p>mitigations being put in place. Although the Board fully supported these mitigations, they had still to be enacted.</p> <p>The Committee was confident that the mitigations would be effective and the intention to downgrade the Risk Score once these were in progress was acknowledged. It was agreed that the Risk Score remain at 25 for further review. This agreement will be referenced within the Risk MAP.</p> <p>SL agreed to further review the risk scales and terminology with MC.</p>
Decision/Noted	<ul style="list-style-type: none"> • To note the FPRC Risks and attached MAPs. • To note the revised Risk Register at 10 August 2022. • To update Risk 15 to include FPRC discussion. • To review the risk scales and terminology.

Item FPRC1-4.7	Charles Oakley Building (COB) Update	
Paper No: FPRC1-K	Lead: S Thompson	Action requested: Discuss
Discussion/ Matters Arising	<p>Further to Board agreement to take forward Option 5; student residences (including a sub option with potential expansion to ground to north) with additional 'Do Nothing' option to a standard outline business case, an update on the progress was presented.</p> <p>ST provided a brief overview of the 4-stage business case development process and advised that following discussion with HubWest, it was agreed that a fuller business case (close to a Full Business Case) be developed). The Committee noted that this would help identify and address risks within the existing building at an earlier stage and would provide more robust information to facilitate more detailed discussions with potential partners.</p> <p>ST further advised that immediate repairs were made to the building façade during the summer break period. Current input from specialist contractors and consultants show no imminent health and safety risks in the short term.</p> <p>The additional costs for producing the fuller business case were detailed within the report. LW considered that these costs were not excessive and agreed that this would help inform engagement with partners and potentially a sale should this become an option in future. The Committee noted that delivery of the project was not currently confined to HubWest. This would be a future decision point once the Business Case was finalised and development was considered a viable option.</p>	
Decision/Noted	That the Committee were content with the additional expenditure as detailed within the report.	

Item FPRC1-5.1	Q4 Non-Compliant Spend Report	
Paper No: FPRC1-L	Lead: S Thompson	Action requested: Note
Decision/Noted	To note the list of all Q4 Non-Compliant spend.	

Item FPRC1-5.2	IT Progress Report	
Paper No: FPRC1-M	Lead: S Thompson	Action requested: Note
Decision/Noted	To note the IT team progress report.	

Item FPRC1-5.3	Anti-Bribery and Corruption Policy	
Paper No: FPRC1-N	Lead: M Drummond	Action requested: Note
Decision/Noted	To note the updated Anti-Bribery and Corruption Policy which was approved at the Audit and Assurance meeting held on 6 September 2022.	

Item FPRC1-5.4	Facilities Management Report	
Paper No: FPRC1-O	Lead: S Thompson	Action requested: Note
Decision/Noted	The Committee discussed continuation of construction of the Tigh Grian's resource efficient house and the carbon neutral house from COP26. Whilst recognising the benefit of these teaching facilities, it was noted that funders approval for both has been static for some time. Given the current financial challenges and the anticipated expenditure for rebuilding both houses, the Committee agreed that these should not be progressed.	

Item FPRC1-5.5	Credit Delivery Update	
Paper No: FPRC1-P	Lead: S Thompson	Action requested: Note
Decision/Noted	To note the credit delivery shortfall (due to cancellation of courses) in 2021-22 which may result in SFC funding clawback.	

Item FPRC1-6	Any Other Notified Business	
Paper No: Verbal	Lead: L Woolfries	Action requested: Approve
Decision/Noted	Noting the absence of SP, the Committee agreed that RQ would Convene meetings of the Committee in the interim. MC will canvas Board members for expressions of interests for longer term Convenership.	

Item FRPC1-7	Disclosability of Papers	
Paper No: Verbal	Lead: M Cross	Action requested: Note
Decision/Noted	That the disclosability status of papers as described on respective cover sheets be retained.	

Item FPRC1-8	Date of Next Meeting	
Paper No: Verbal	Lead: Convener	Action requested: Note
Decision/Noted	Wednesday 7 December 2022	

The meeting closed at 1845 hours.

ANNEX TO THE MINUTE

ACTION POINTS ARISING FROM THE MEETING

Item	Description	Owner	Target Date
FPRC1-4.5 14 09 22	Financial Challenges and Solutions: Provide update report at next meeting.	JFG/ST/MD	07 12 22
FPRC1-4.6 14 09 22	Strategic Risk Review: Review risk scales and terminology.	SL/MC	ASAP
FPRC1-4.6 14 09 22	Strategic Risk Review: Update Risk 15 to include reference to FPRC discussion.	ST	ASAP
FPRC1-6 14 09 22	AONB: Canvas Board members for expressions of interests for longer term Convenerhip.	MC	ASAP

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 Complete
FPRC5-4.1 01 06 22	Health & Safety Report: Seek approval from GLQ to release Glass Report for circulation to members.	ST	Ongoing
FPRC5-4.1 01 06 22	Health & Safety Report: To advise Public Liability Insurers on glass fault issue.	ST	ASAP Complete
FPRC4-3.3 02 06 21	My Development: Update Business Case as agreed.	JFG	ASAP Complete