

Board of Management

Meeting of the Finance & Physical Resources Committee

MINUTE OF 2nd MEETING HELD ON WEDNESDAY 7 DECEMBER 2022 AT 1600 HRS (FPRC2) AT CITY CAMPUS.

Present	
Megan McClellan	Lesley Woolfries (LW)
Ronnie Quinn (RQ) (Convener)	
In attendance	
Mark Drummond (MD)	Stuart Thompson (ST)
Sheila Lodge (SL)	
Drew McGowan, College Secretary (DM)	Ann Butcher (Minute)
Apologies for absence	
Paul Little (PL)	Stuart Patrick (SP)

Item FPRC2-1	Apologies for Absence	
Paper No:	Lead: Convener	Action requested: Note
Decision/Noted	Apologies were received from PL and SP.	

Item FPRC2-2	Declarations of Interest	
Paper No:	Lead: Convener	Action requested: Note
Decision/Noted	LW declared an interest under item 3.3 referencing her association with Hub West Scotland.	

Item FPRC2-3.1	Minute of Previous Meeting held on 14 September 2022	
Paper No: FPRC2-A	Lead: Convener	Action requested: Approve
Decision/Noted	That the minute be approved.	
	<p>Matters Arising Strategic Risk Review DM confirmed that risk scales and terminology, including the possible addition of a 'black risk', was currently under consideration as part of a wider review of strategic risk reporting. An update will be provided at the next meeting.</p> <p>Glass Report ST reported that the dispute between SRM and FES on responsibility for heat soaking internal glass panels is still ongoing. Any further update, including the glass report, will be provided when available. Whilst this action is still not complete, it was agreed that this be removed from the action list in the meantime.</p>	

Item FPRC2-3.2		Annual Report and Accounts 2021-22 (Draft)	
Paper No: FPRC2-B	Lead: D McGowan/ M Drummond	Action requested: Approve	
Discussion Matters Arising	<p>The Committee noted that the Report had been submitted for review and approval at the Audit and Assurance Committee on 29 November. Suggested changes have been incorporated and the revised version was submitted.</p> <p>The underlying deficit of £0.5m reflects an improvement in comparison with the budget set for the year and headline cash position of £15.0m continues to be healthy however the underlying free cash is only £7.4m and is forecast to reduce during 2022-23.</p> <p>The External Audit opinions were particularly noted and members thanked staff for the preparation of the report.</p>		
Decision/Noted	That the Annual Report and Accounts 2021-22 be approved.		

Item FPRC2-3.3		Charles Oakley Building	
Paper No: FPRC2-C	Lead: S Thompson	Action requested: Approve	
Discussion/ Matters Arising	<p>An executive summary of the full outline business case for the Charles Oakley Building (COB), produced with a number of partners and containing four options, was tabled for the Committee's consideration.</p> <p>ST provided an overview of the outline business case and recommended that members agree that the College explore option 4, which would redevelop the COB and deliver three blocks of student accommodation. The Committee was also asked to approve an additional spend of £6,000-8,000 (plus VAT) to facilitate the further development of the business case, which would be used to inform the College's final decision on the matter.</p> <p>After a discussion of the four options and their implications for the College, particularly in the current financial climate, the Committee approved the requested additional spending; however, members agreed that this was contingent upon the workshops leading to a definitive recommendation at a future meeting of the Committee. Members also agreed that ownership of the land should be retained for any proposal to be viable.</p>		
Decision/Noted	<ul style="list-style-type: none"> • To ensure ownership of COB and land to the rear be retained by the College. • To provide recommended outcomes from the second workshop. 		

Item FPRC2-3.4		Financial Report 2021-22 (year-end out-turn)	
Paper No: FPRC2-D	Lead: M Drummond	Action requested: Approve	
Discussion/ Matters Arising	The audited full year-end out-turn position shows an underlying operating deficit of £469k (c£0.3m favourable to budget). This improved position reflects over £1.5m recovery from the position forecast at mid-year and		

	was driven by early management action to successfully reduce staff cost overspends and; receipt of further funding of c£0.7m for delivery of additional YPG credits.
Decision/Noted	To note the report.

Item FPRC2-3.5		College Course Fees 2023-24
Paper No: FPRC2-E	Lead: S Thompson	Action requested: Approve
Discussion/ Matters Arising	<p>The proposed course fees for the SFC fundable activity for 2023-24 were submitted for review. The Committee noted that FT HE fees are set nationally and the majority of FT HE students have their fees paid by SAAS.</p> <p>The proposal to increase most part time fees by approximately 10% on 2022-23 levels (similar to the current rate of inflation) was discussed. FT Rest of the UK (RUK) and overseas fees have also been increased to reflect the substantial delivery cost increases while working to recover the student volume prior to Covid-19.</p> <p>MM raised concern regarding the increases proposed, particularly given the current cost of living crisis and suggested that the increase should be set at a lower rate. ST advised that increases, particularly to FE & HE FT RUK and overseas student course fees, have been kept on hold over the past few years and the current proposals include an element of catch-up. SFC cash funding for 2023-24 is anticipated to remain at the same level as 2022-23 and the College is also facing increased cost pressures due to high inflation; increase in utility costs and; potential pay awards for 2022-23 and 2023-24. He informed members that the proposal was a balanced judgement to help ensure minimal impact on students and recruitment levels and would help support budgeted income.</p> <p>MM asked if mitigations were in place to reduce the financial impact on students and suggested that a further evaluation on impact (particularly on international students) be undertaken. ST confirmed that the College national fee waiver policy complies with SFC national policy and hardship funding is also available. It was agreed that any future proposal to change the fees for international students would be accompanied by an impact evaluation.</p> <p>Members recognised the need to cover rising costs and agreed the 10% increase.</p>	
Decision/Noted	<ul style="list-style-type: none"> To agree the course fee rates for 2023-24. 	

Item FPRC2-3.6		Student Accommodation Charges 2023-24
Paper No: FPRC2-F	Lead: S Thompson	Action requested: Approve
Discussion/ Matters Arising	<p>The proposed charges for Riverside Campus and St Luke's student accommodations for 2023-24 were reviewed. ST confirmed that a price comparison of similar local accommodation providers had been undertaken to ensure competitiveness and value for money. This data has also been shared with the Students' Association.</p>	

	<p>ST provided an overview of the rationale behind the proposed 10% increase including the ongoing challenges to maximise occupancy at Riverside and the increased rental charges imposed by the landlords at St Luke's and added that student ability to pay had also been considered.</p> <p>The College will continue to provide advice and support on a case-by-case basis to students in financial hardship.</p>
Decision/Noted	To approve the recommended charges for 2023-24 College Student Accommodation.

Item FPRC2-3.7	Annual Procurement Report 2021-22	
Paper No: FPRC2-G	Lead: S Thompson	Action requested: Approve
Decision/Noted	To approve the Annual Procurement Report and overview of Procurement Activity for academic year 2021-22.	

Item FPRC2-3.8	Capital Plan Update 2022-23	
Paper No: FPRC2-H	Lead: M Drummond	Action requested: Approve
Discussion/ Matters Arising	<p>MD provided the Committee with an overview of the College's rolling Capital planning programme and proposed set of 5 priority projects for 2022-23 totalling £0.75m. The growing challenge to fund current capital demands was highlighted and the proposed projects have been identified as high priority requirements. Following review, the Committee agreed that the proposed projects be progressed with immediate effect.</p> <p>The remaining capital budget and next priority spend will be approved at a future meeting of the Committee this academic session, after the wider financial position is more evident.</p>	
Decision/Noted	To approved the initial tranche of priority projects for 2022-23.	

Item FPRC2-4.1	Health and Safety (H&S) Quarterly Report	
Paper No: FPRC2-I	Lead: J F Gribben/ S Lodge	Action requested: Discuss
Discussion/ Matters Arising	<p>SL presented the management arrangements and key health and safety activities from August – October 2022. The following matters were highlighted:</p> <ul style="list-style-type: none"> • A bakery fire incident was reported. Immediate and route causes have been identified and recommended actions and control measures have been put in place. The H&S team will continue to support the Faculty to implement and monitor effectiveness of the action plan. • The number of positive Covid cases have increased in comparison with the same quarter last session. Staff are encouraged to remain off campus if displaying any Covid related symptoms. 	

- The H&S team continue to work through the 6 areas highlighted for improvement in the Internal Audit H&S report. The summary of progress to date was noted.
- Fire risk assessments were conducted across both Campuses during August. Full reports and action plans have been developed. RQ noted the findings in the Fire Risk Assessment Report provided under Appendix B and suggested these did not directly correlate with the summary of actions progressed to date on page 8. The Committee were assured that all actions within the Report will be addressed.
- Members noted that no RIDDOR reportable accidents had been reported during this quarter.

SL updated members on the difficulty experienced in recruiting a new Fire Safety Officer. In the meantime, the College continues to engage with Fire Safety representatives from the Scottish Fire and Rescue Service. General fire safety matters are being discussed and an audit will be conducted.

Acknowledging current demands on the small H&S team, it was agreed that a combined quarterly report would not be required. Individual monthly reports are produced for ELT/SMT review and will be submitted at future meetings of the Committee.

Decision/Noted

- To note the H&S report.
- To submit individual monthly reports at future meetings.

Item FPRC2-4.2		Financial Forecast Update 2022-23	
Paper No: FPRC2-J	Lead: M Drummond	Action requested: Discuss	
Discussion/ Matters Arising	<p>MD reported that the current forecast position (at the end of October 2022) is c£2.0m adverse to budget with an increased underlying operating deficit of just over £5.4m and reduced projected year-end cash balance below £2m.</p> <p>The main reasons for this adverse position have been identified and are mainly due to a revised reduction in YPG funding; additional college funded investment in Voluntary Severance (VS) and; an anticipated reduction on in-year staff savings due to the delay in the launch and implementation of the VS scheme. The main adverse and favourable movements across both income and expenditure categories and key sensitivities were noted.</p>		
Decision/Noted	To note the update report.		

Item FPRC2-4.3		Financial Challenges and Solutions (Mitigations & Interventions)	
Paper No: FPRC2-K	Lead: S Lodge	Action requested: Discuss	
Discussion/ Matters Arising	<p>An update on the mitigations and interventions being implemented to help meet the revised 2022-23 savings target was submitted. SL confirmed that all mitigations and interventions are continually monitored by ELT/SMT and the Transformation Team.</p>		

	The Committee requested early warning notification of any mitigations that are not on track to achieve the necessary savings. If deemed necessary, members suggested that an extraordinary meeting of the Committee would be held to consider any urgent matters prior to the next scheduled meeting date.
Decision/Noted	<ul style="list-style-type: none"> To note the update on mitigations and interventions. To provide early warning notification of mitigations that are not on track. To hold an extraordinary single item Committee meeting if required.

Item FPRC2-4.4		Financial Projection – 5-Year View	
Paper No: Verbal	Lead: M Drummond	Action requested: Discuss	
Discussion/ Matters Arising	<p>MD reported on the difficulties involved in setting financial objectives and planning beyond 2024-25 including the unknown Scottish Government and SFC budget asks. He considered that the range of potential outcomes within a 5-year projection would be broad particularly given the current volatile financial challenges which are significant and unprecedented.</p> <p>The Committee was informed that in order to ensure long-term financial sustainability and to maintain a healthy cash balance, the effectiveness and target savings, including timelines would need to be realised. It was noted that further plans may be required in order to support the return to a balanced budget and breakeven position from 2024-25.</p> <p>Members were updated on progress, timelines and cost implications of the Voluntary Severance scheme. It was noted that no additional cost saving initiatives have been proposed by staff and Trade Unions.</p>		
Decision/Noted	To note the update report.		

Item FPRC2-4.5		Strategic Risk Reviews	
Paper No: FPRC2-L	Lead: D McGowan	Action requested: Discuss	
Discussion/ Matters Arising	The FPRC risks and management action plans (MAP) were submitted for review. No changes to Risk Scores were proposed and the updated risk MAPs were noted.		
Decision/Noted	<ul style="list-style-type: none"> To approve the FPRC Risks and attached MAPs. To note the Risk Register as at 1 December 2022. 		

Item FPRC2-4.6		Committee Convenorship	
Paper No: Verbal	Lead: D McGowan	Action requested: Discuss	
Discussion/ Matters Arising	DM highlighted that the no permanent Convenor of the Committee had yet been appointed. He confirmed that, given the current work commitments of the Vice Convenor, it was unlikely that he would be in a position to assume the additional responsibilities of Convenor at this time.. The Committee nominated and approved RQ as FPRC Convenor.		

Decision/Noted	That the Committee approved RQ as Convenor.

Item FPRC2-5.1	IT Progress Report	
Paper No: FPRC2-M	Lead: S Thompson	Action requested: Note
Discussion/ Matters Arising	Members particularly noted the update on the return of student loan laptops from 2020-21 and 2021-22. Final invoices and letters have been sent to ex-students as appropriate. The Committee considered that the current return rates were not acceptable and would impact current and future students. A laptop return policy will be submitted at the next meeting.	
Decision/Noted	<ul style="list-style-type: none"> • To provide a draft laptop return policy at the next meeting. • To note the update report. 	

Item FPRC2-5.2	Facilities Management Report	
Paper No: FPRC2-N	Lead: S Thompson	Action requested: Note
Decision/Noted	To note the update on College Estate and Facilities Management.	

Item FPRC2-5.3	Treasury Management Report	
Paper No: FPRC2-O	Lead: M Drummond	Action requested: Note
Decision/Noted	To note the update on the College's investment strategy and performance over the academic year 2021-22.	

Item FPRC2-5.4	Credit Delivery Update	
Paper No: FPRC2-P	Lead: S Thompson	Action requested: Note
Decision/Noted	To note the update on actual Credits delivered in 2021-22 and the planned Credits delivery for 2022-23.	

Item FPRC2-5.5	IT & Finance Effectiveness – Summary Closure Report	
Paper No: FPRC2-Q	Lead: S Thompson	Action requested: Note
Decision/Noted	To note the fully completed actions from the Azets Finance & IT Effectiveness reports.	

Item FPRC2-5.6	2022-23 Q1 Non-Compliant Spend Report	
Paper No: FPRC2-R	Lead: S Thompson	Action requested: Note
Decision/Noted	The update report was noted. The Committee congratulated the Procurement Team for achieving 0% non-compliant spend within Q1.	

Item FPRC2-5.7	SFC Memorandum Expenditure Report 2021-22	
Paper No: FPRC2-S	Lead: M Drummond	Action requested: Note
Decision/Noted	To note the College information provided on certain expenditure as required by The Public Services Reform (Scotland) Act 2010.	

Item FPRC2-5.8	Annual Climate Change Report	
Paper No: FPRC2-T	Lead: S Thompson	Action requested: Note
Decision/Noted	To note the College Climate Change Duties Compliance Report 2022 which has now been published.	

Item FPRC2-5.9	External Audit Annual Report 2021-22	
Paper No: FPRC2-U	Lead: S Thompson	Action requested: Note
Decision/Noted	To note the External Audit Report and summary of key findings for 2021-22. Members were advised that the listed actions are being addressed.	

Item FPRC2-6	Any Other Notified Business	
Paper No: Verbal	Lead: Convener	Action requested: Approve
Decision/Noted	FPRC Meetings Members agreed that future meetings of the Committee would be held in person commencing at 1600 hrs.	

Item FRPC2-7	Disclosability of Papers	
Paper No: Verbal	Lead: D McGowan	Action requested: Note
Decision/Noted	That the disclosability status of papers as described on respective cover sheets be retained.	

Item FPRC2-8	Date of Next Meeting	
Paper No: Verbal	Lead: Convener	Action requested: Note
Decision/Noted	Wednesday 15 March 2023	

The meeting closed at 1845 hours.

ANNEX TO THE MINUTE

ACTION POINTS ARISING FROM THE MEETING

Item	Description	Owner	Target Date
FPRC2-3.1 07 12 22	Strategic Risk Review: Provide update on review of strategic risk reporting.	DM	15 03 23
FPRC2-3.3 07 12 22	Charles Oakley Building: Ensure ownership of COB and land to rear be retained by the College.	ST	ASAP
FPRC2-3.3 07 12 22	Charles Oakley Building: Provide update on recommended outcomes from second workshop.	ST	FPRC Mtg 15 03 23
FPRC2-4.1 07 12 22	H&S Quarterly Report: Submit individual monthly reports at future meetings.	SL	Ongoing
FPRC2-4.3 07 12 22	Financial Challenges and Solutions (Mitigations & Interventions): Provide early warning notification of mitigations that are not on track and hold extraordinary meeting if required.	SL	Prior to next meeting.
FPRC2-5.1 07 12 22	IT Progress Report: Provide draft laptop return policy.	ST/BA	15 03 23

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 Complete
FPRC1-4.6 14 09 22	Strategic Risk Review: Review risk scales and terminology.	SL/MC	ASAP Superseded FPRC2-3.1
FPRC1-4.6 14 09 22	Strategic Risk Review: Update Risk 15 to include reference to FPRC discussion.	ST	ASAP Complete
FPRC1-6 14 09 22	AONB: Canvas Board members for expressions of interests for longer term Convenership.	MC	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 Complete