

Board of Management

Meeting of the Finance & Physical Resources Committee

MINUTE OF 4th MEETING HELD ON WEDNESDAY 31 MAY 2023 AT 1600 HRS (FPRC4) AT CITY CAMPUS.

Present	
Paul Little (PL)	Ronnie Quinn (RQ) (Convener)
Megan McClellan (MMcC)	Lesley Woolfries (LW)
In attendance	
Barry Ashcroft (BA) (Items 1-3.2, 4.1 + 5.3)	Jill Loftus (JL) (Items 1-3.2 + 4.1, 4.2, 5.1 + 5.3)
Mark Drummond (MD)	Drew McGowan (DM)
J F Gribben (JFG) (Items 1-4.3, 5.1, 5.3 + 5.4)	Ann Butcher (Minute)
Apologies for absence	
Stuart Patrick (SP)	

Item FPRC4-1	Apologies for Absence	
Paper No:	Lead: Convener	Action requested: Note
Decision/Noted	Apologies were received from SP.	

Item FPRC4-2	Declarations of Interest	
Paper No:	Lead: Convener	Action requested: Note
Decision/Noted	LW declared a connection under item 4.3 referencing her professional association with HubWest Scotland.	

Item FPRC4-3.1	Minute of Previous Meeting held on 15 March 2023	
Paper No: FPRC4-A	Lead: Convener	Action requested: Approve
Decision/Noted	That the minute be approved.	

Item FPRC4-3.2	Capital Plan Update 2022-23	
Paper No: FPRC4-B	Lead: M Drummond	Action requested: Approve
Discussion Matters Arising	MD provided an update on the College's rolling programme of capital planning for 2022-23 and early planning for 2023-24. The College has received a funding allocation from the SFC in addition to the Capital and Maintenance Grant designated to address Digital Poverty. This represents a change from previous years as the funding to support students experiencing digital poverty is no longer provided to the individual by way of student support.	

	The proposal to use the funding to replace the high-spec Apple Mac and Windows labs across both campuses was agreed. Any remaining balance at year-end funding will be used for additional resources to replenish the supply of Loan Laptops.
Decision/Noted	<ul style="list-style-type: none"> To approve the spending on student-facing IT equipment wholly funded by 2022-23 SFC Digital Poverty Fund. To note the current status of the 2022-23 Capital Plan, funded by 2022-23 SFC Capital and Maintenance Grant. To note early planning for utilisation of the 2023-34 SFC Capital and Maintenance Grant.

Item FPRC4-4.1 Student Laptop Loan Recovery Options	
Paper No: FPRC4-C	Lead: B Ashcroft Action requested: Discuss
Discussion Matters Arising	<p>BA presented an update to the Committee regarding the current level of debt resulting from the non-return of student loan laptops and further highlighted the net book value of the devices due to depreciation. BA further reminded of the previously agreed steps to recover this debt, including potential escalation measures. Two options were tabled for the Committee's consideration: write off the debt or transfer the debt to a debt collection agency.</p> <p>Taking account of the depreciated value of the laptops and recognising that all possible actions had been exhausted, the members recommended against involving a debt collection agency. This recommendation was based on the small likelihood of recovery of laptops and the associated costs of engaging with such an agency. The Committee agreed that the depreciated value should be written off, noting that a bad debt provision had already been created at the 2021-22 year-end, resulting in a net impact on this year's financial statements.</p> <p>The Committee deliberated on the ongoing viability of the loan scheme and considered whether it was necessary to establish a cut-off point given the potential for ongoing return rates and write off costs to the College.</p> <p>Whilst the necessity and importance of the scheme during the pandemic was recognised, members considered that the scheme had served its purpose and was no longer necessary. As a result, the Committee agreed that the loan scheme be discontinued at the end of the 2022-23 academic year</p>
Decision/Noted	<ul style="list-style-type: none"> To recommend writing off the outstanding debt associated with the non-return of student loan laptops to date for approval by the full Board. That the student loan laptop scheme be discontinued at the end of AY 2022-23.

Item 5.3 was taken at this time.

Item FPRC4-5.3		IT Progress Update	
Paper No: FPRC4-K	Lead: B Ashcroft	Action requested: Note	
Discussion Matters Arising	The Committee noted the IT Progress update, specifically acknowledging the continued emphasis on Cyber Security. BA highlighted the upcoming challenge of funding and budget limitations in relation to a necessary network refresh scheduled for next summer. A comprehensive options appraisal (including a 'do nothing' option) is currently being developed which will include a cost analysis and benefit assessment for submission to ELT/SMT.		
Decision/Noted	To note the update report.		

BA left the meeting.

Item FPRC4-4.2		Health and Safety Quarterly Report	
Paper No: FPRC4-D	Lead: J Loftus	Action requested: Discuss	
Discussion Matters Arising	<p>JL provided an overview of the monthly H&S activity covering February – April 2023. The following matters were specifically highlighted:</p> <p>Meningococcal Infection An investigation has been conducted in response to a few cases of students contracting meningococcal infection. No indication of transmission of the illness onsite was reported and it was noted that the bacteria responsible for the infection is not easily transmitted from person to person.</p> <p>Accident Reporting During this quarter, 28 accidents were reported with 5 being RIDDOR reportable. All RIDDOR reported accidents were investigated and necessary remedial actions were implemented.</p> <p>Fire Incidents In March, there were 2 fire related incidents associated with the misuse of hand sanitiser. The higher risk incident on Riverside Campus was reported to Police Scotland and an internal investigation resulted in student expulsion. Disciplinary proceedings were initiated against the students involved in the incident at City Campus which also resulted in expulsion from the College. All remaining communal hand sanitiser bottles have been removed from both Campuses and the student accommodation.</p> <p>Accident and Incident Benchmarking The College is working closely with the College Development Network (CDN) to improve accident and incident benchmarking figures. The Health and Safety Manager has developed a quarterly benchmarking matrix which will be discussed at the next CDN meeting. A comparison using available data from the annual UK Association of Colleges report shows that CoGC had 13 accidents per 1000 individuals, compared to 32 accidents per 1000 individuals.</p> <p>Fire Safety Officer It was reported that all vacant positions within the Health and Safety Team have now been successfully filled, including the appointment of a new Fire</p>		

Safety Officer (FSO). The Committee noted that from 1 July 2023, the Scottish Fire and Rescue Service will no longer respond to automatic fire alarm call outs to commercial business and workplace premises unless a fire has been confirmed. In view of this change, the FSO is currently reviewing the College procedures to ensure they align with the new regulations. The Committee discussed monitoring of out of hours alarm activations and control panels. It was noted that appropriate measures are being taken to address this matter.

The Committee thanked JL for the good report, specifically highlighting the helpful Executive Summary section.

Decision/Noted

To note the update report.

Item 5.1 was taken at this time.

Item FPRC4-5.1 Menopause Policy

**Paper No:
FPRC4-I**

Lead: Jill Loftus

Action requested: Note

Decision/Noted

To note the Menopause Policy and information available to all staff within the College. RQ suggested that a sentence emphasising that implementation will not result in any significant financial implications be included.

JL left the meeting.

Item FPRC4-4.3 Charles Oakley Building Business Case Update

**Paper No:
FPRC4-E**

Lead: M Drummond

Action requested: Discuss

Discussion

MD provided an update on the ongoing exploration of potential options for future use of the Charles Oakley Building (COB). He reminded members that the Committee had endorsed the development of a business case for the refurbishment and development as student residences, with the sale option being considered as a contingency plan should the student residences option be considered unfeasible.

After completing the full business case, an additional scoping phase with Ryden & HubWest was approved to consider 6 delivery options for a Purpose-Built Student Accommodation (PBSA). The analysis conducted by Ryden confirmed that 4 options did not meet the essential criteria set by the College. The benefits and risks of the 2 remaining options namely, Income Strip and Design Build Finance Operate (DBFO) model, were presented within the report. The contractual arrangements, commitments and financial implications associated with both options were also highlighted.

The Committee received an update regarding a new possibility for repurposing the COB as site offices during the potential development of the Buchanan Galleries. An external party has made an informal approach with this proposal however it was emphasised that this engagement is still in its early stages and has not yet been included in the ongoing options analysis.

The Committee considered Ryden's recommendation to conduct a more detailed feasibility study which would involve additional costs to the

College. The potential cost of subsequent stages including procurement and contracting over the next 12 months was also discussed. The annual costs associated with the 'Do Nothing' approach as well as the potential costs of alternative use, sale or development which could potentially be higher were also emphasised.

The proposal regarding a long-term lease agreement with an external party with shared responsibility for maintaining the asset was further considered. Recognising that this arrangement would provide the College with an opportunity to retain ownership in the longer term, the Committee agreed that this proposal merited further internal investigation.

While acknowledging the excellent work done by Ryden to date, the Committee agreed that pursuing an additional feasibility study would not yield any further value at this stage.

PL requested that the College seek to retain overage payment from the SFC to use for continued maintenance and security of COB. MD will progress this matter.

Decision/Noted

- To further investigate the proposal internally for a long-term lease agreement with the external party.
- That further progress of an additional feasibility study should not be undertaken at this stage.
- Seek to retain overage payment from the SFC.

Item 5.4 was taken at this time.

Item FPRC4-5.4		Facilities Management Report	
Paper No: FPRC4-L	Lead: J F Gribben	Action requested: Note	
Decision/Noted	To note the progress and update on the College estate and facilities management. The lifecycle plan for the Halls of Residence will be provided in a future report.		

JFG left the meeting.

Item FPRC4-4.4		Financial Reforecast Update 2022-23	
Paper No: FPRC4-F	Lead: M Drummond	Action requested: Discuss	
Discussion	<p>MD presented the updated financial position for 2022-23 including the revised projected year-end out-turn deficit which now includes an estimated expenditure provision to support Compulsory Redundancies (CR).</p> <p>The main favourable and adverse movements across both income and expenditure categories from the budget were highlighted including the reduction in the Young Persons Guarantee (YPG) and the Flexible Workforce Development Fund (FWDF) funding; a slight improvement in student tuition fees; staff efficiency savings (through Voluntary Severance and management of recruitment for business-critical roles only) and CR expenditure.</p>		

	The various key sensitivities for 2022-23 which could further adversely or positively impact the current deficit position and year-end underlying cash balance were noted, including agreement of the pay award, the operational and financial impact of any industrial action and the ongoing effects of inflation across goods and service.
Decision/Noted	To note the updated financial position for 2022/23 and revised projected year-end deficit.

Item FPRC4-4.5		Draft Budget 2023-24	
Paper No: FPRC4-G	Lead: M Drummond	Action requested: Discuss	
Discussion	<p>The draft College budget proposed for 2023-24 and the deficit position was submitted for discussion. MD reminded members that the College is facing an unprecedented financial challenge due to the significant funding reductions by the Scottish Government from 2021-22 to 2023-24 together with inflationary pressures impacting both staff and non-staff costs.</p> <p>As a result, a deficit budget for the third consecutive year is proposed. The budget projection includes ambitious targets for improvement and with minimal cash headroom, delivery on all elements outlined in the budget will be crucial for ensuring the College's short-term financial independence and medium-term sustainability.</p> <p>The key baseline income and expenditure assumptions, sensitivities and dependencies in delivering the proposed budget were highlighted.</p> <p>To date, £6 million improvements have been successfully implemented and integrated into the base budget; however, there are still £6m worth of budgetary improvement activities to be implemented to progress towards financial sustainability. The proposed allocation of additional savings across the College to achieve these £6 m improvements were noted.</p>		
Decision/Noted	<ul style="list-style-type: none"> To note the size and scale of budgetary improvement activities required (£6m). To note that the final budget will be presented to the full Board meeting for approval on 14 June. 		

Item FPRC4-4.6		Strategic Risk Reviews	
Paper No: FPRC4-H	Lead: D McGowan	Action requested: Discuss	
Discussion/ Matters Arising	<p>The Committee's high scoring risk MAPs (15 and 16) and updated Risk 27 were reported. No changes to Risk Scores for Risks 15 and 16 were proposed.</p> <p>It was noted that Risk 27 – <i>Failure to manage acute threats relating to the coronavirus outbreak</i> had diminished and was no longer regarded as a strategic risk. However, the possibility of a future pandemic was acknowledged. DM suggested that a recommendation from a Strategic Risk Review in the next academic year may include the removal of Risk 27 and to include preparations for any potential future pandemic within Risk 12 - <i>Failure of Business Continuity</i>.</p>		

	<p>A change to Risk 20 – <i>Failure to obtain funds from College Foundation</i>, Risk Score was discussed. Considering the decrease in funds available and the potential need for the Foundation to be more discerning in its allocation decisions, it was agreed to increase the Likelihood to 3, with the Impact rating remaining at 4. The revised Risk Score for Risk 20 (3 x 4 = 12 AMBER) was agreed.</p> <p>DM confirmed that a review of the scoring matrix which includes the addition of a Black Risk Score 25 will be presented at the June Board meeting. The format of Risk MAPs and Risk Register will be refreshed in preparation for the next academic year.</p>
Decision/Noted	<ul style="list-style-type: none"> • To note the FPRC Risks and attached MAPs. • To increase Risk Score for Risk 20 to 12 (AMBER). • To note the Strategic Risk Register as at 24 April 2023.

Item FPRC4-5.2	2022-23 Q1 Non-Compliant Spend Report	
Paper No: FPRC4-J	Lead: M Drummond	Action requested: Note
	The Committee noted that in Q3, 0.5% of non-compliant spend (regulated or non-regulated) had been identified.	
Decision/Noted	To note the update report.	

Item FPRC4-5.5	Credit Delivery Update	
Paper No: FPRC4-M	Lead: M Green (not in attendance)	Action requested: Note
Decision/Noted	To note the College’s current credit projection is on track to be within the Credit target threshold to maximise SFC Funding.	

Item FPRC4-6	Any Other Notified Business	
Paper No: Verbal	Lead: Convener	Action requested: Note
Decision/Noted	<p>RQ expressed the Committee’s sincere gratitude to LW for her extensive knowledge, experience and valuable insights shared with the Committee throughout many years. PL also extended his thanks to LW, acknowledging her pivotal role, particularly during the new campus project which proved to be invaluable to both him and the Committee.</p> <p>Members also conveyed their appreciation and gratitude for MMcC’s contributions as Student President serving on the Committee, recognising the significant input she had provided.</p> <p>It was acknowledged that this would be MD’s final attendance. The Committee expressed their appreciation for MD’s professionalism in effectively managing a challenging environment and for consistently delivering concise and easily understandable papers. In response, MD thanked members and emphasised the significant personal growth and valuable lessons he had gained from the challenges faced within his role.</p>	

Item FRPC4-7		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 FPRC4-8		Date of Next Meeting	
Paper No: Verbal	Lead: Convener	Action requested: Note	
Decision/Noted	Wednesday 6 September 2023		

The meeting closed at 1835 hours.

ANNEX TO THE MINUTE

ACTION POINTS ARISING FROM THE MEETING

Item	Description	Owner	Target Date
FPRC4-4.1 31 05 23	Student Laptop Loan Recovery Options: Recommend writing off the outstanding debt associated with the non-return of student loan laptops to date for approval by the full Board.	BA/DM	14 06 23
FPRC4-4.3 31 05 23	COB Business Case Update: To further internally investigate the proposal for a long-term lease agreement with the external party.	MD	ASAP
FPRC4-4.3 31 05 23	COB Business Case Update: Seek to retain overage payment from the SFC.	MD	ASAP
FPRC4-4.6 31 05 23	Strategic Risk Review: <ul style="list-style-type: none"> Remove Risk 27 and incorporate potential risk of a future pandemic within Risk 12. To increase Risk Score for Risk 20 to 12 (AMBER). 	DM	ASAP

ACTION POINTS ARISING FROM THE MEETING

Item	Description	Owner	Target Date
FPRC3-4.7 15 03 23	Laptop Return Update: To submit laptop return options proposal at the next meeting.	BA	31 05 23 Complete
FPRC3-4.2 15 03 23	COB Update: To submit full options appraisal for the next meeting of the Committee.	ST	31 05 23 Complete
FPRC3-4.2 15 03 23	COB Update: Seek to retain overage payment from the SFC.	ST	ASAP Superseded FPRC4-4.3