

Board of Management Finance Committee

Date of Meeting	27 September 2023
Paper No.	FC1-C
Agenda Item	3.3
Subject of Paper	Finance & Physical Resources Committee Annual Report 2022-23
FOISA Status	Disclosable
Primary Contact	Drew McGowan College Secretary
Date of production	19 September 2023
Action	For Approval

1. Recommendations

- 1.1. To review the Finance & Physical Resources Committee's annual report for the 2022-23 academic year and approve it for tabling at the Board of Management for noting.

2. Purpose

- 2.1. To provide the Committee and the Board of Management with a high-level review of the Committee's business throughout the most recent academic year.

3. Consultation

- 3.1. Members are asked to discuss the Committee's annual report and, subject to any changes, approve the paper for tabling at the Board of Management's next meeting for noting.

4. Key Insights

- 4.1. Since 2014-15, following an internal audit recommendation, the Board of Management has established the practice of preparing an annual report for each committee. Annual committee reports are tabled early in the academic year.
- 4.2. The annual reports provide a high-level review and record of the Committee's deliberations and decision-making which can be used by members to reflect on the year, as well as to inform other stakeholders. In addition to the regular publication of Board and committee minutes and papers, annual committee reports demonstrate the College's commitment to openness and transparency.
- 4.3. All of the annual reports prepared for the committees will be used as a basis for the drafting of the College's annual report, in line with the original internal audit recommendation.

5. Impact and Implications

- 5.1. Annual committee reports are one aspect of the Board's established practices that aim to provide assurance to the College's students, staff and other stakeholders, including the Regional Board, that our systems of governance, effectiveness and accountability remain robust and delivered to a high standard.

Appendices:

Appendix 1: The Finance & Physical Resources Committee Annual Report 2022-23

Finance & Physical Resources Committee Annual Report AY 2022-23

Introduction

1. The Finance & Physical Resources Committee is responsible for overseeing the College's finance, procurement, estates and facilities functions. The Committee provides assurance to the Board of Management that the College has appropriate budgets, controls, plans and strategies in place to support financial stability and sustainability.
2. R Quinn convened the Committee and its membership consisted of P Little, M McClellan, S Patrick and L Woolfries. When appointed as Convener in December 2022, R Quinn resigned from the Audit & Assurance Committee.

Committee Business

3. During this academic year, 4 meetings of the Committee were held to consider the work and priorities of the College within its remit. Members received reports and presentations from the Executive Leadership Team and Senior Management Team, as well as other members of staff. A summary of key issues and business of note is enclosed below.

Annual Report and Accounts

4. Following consideration at the Audit & Assurance Committee, the College Secretary and Director of Finance presented the Annual Report and Accounts 2021-22 to members in December 2022. The Committee recommended the Annual Report and Accounts to the Board of Management for final approval.

Financial and Funding Challenges

5. Throughout the academic year, the Committee continued to consider the College's multi-year financial and funding challenges resulting from the impact of Brexit, the Coronavirus pandemic, inflationary cost pressures and cash-flat funding. Members received progress reports on the 19 mitigation measures, a combination of cost-reducing and income-generating initiatives, being implemented to achieve £6 million of annual savings.

Draft Budget 2023-24

6. The Executive Director of Finance presented the Draft Budget 2023-24, proposing a deficit budget for the third consecutive year, to the Committee in May 2023. He highlighted that the College continued to face unprecedented financial and funding challenges due to inflationary pressures and funding reductions from the Scottish Government. Members noted that £6 million of improvements had been successfully implemented and integrated into the base budget and that a further £6 million was still required. The Board issued final approval to the Budget in June 2023.

Charles Oakley Building

7. The Vice Principal Corporate Services tabled a full outline business case for the development of the Charles Oakley Building for the Committee's consideration in December 2022. Members agreed to explore the potential development of student accommodation with commercial partners while retaining ownership of the building and land to the rear, with the sale of the property and land being considered as a contingency measure.
8. In May 2023, members were apprised of the 6 delivery options for student accommodation and noted that 4 did not meet the College's essential criteria. The Committee agreed that the College should further explore the proposal for a long-term lease agreement with an external party who has expressed interest. The matter will now be considered by the Development Committee in the 2023-24 academic year.

Digital Strategy

9. The Committee was updated on the delivery of the Digital Strategy which outlines the College's commitment to leverage technology to provide a personalised, innovative and inclusive IT service to truly "Let Learning Flourish". The Director of IT informed members that good progress was being made in implementing the 6 aims that underpin the Digital Strategy but highlighted that significant financial investment will be required to replace the existing IT infrastructure.

Capital Plan

10. The Committee approved a first tranche of £750,000 for 5 projects and a second tranche of £297,000 for student-facing IT requirements. It was also highlighted that the College's anticipated asset replacement requirement is £3-5 million per year, compared to the £1.35 million capital and maintenance grant funding allocated in 2022-23 by the Scottish Funding Council.

Financial Memorandum Breach

11. The Principal advised the Committee of correspondence from the SFC concerning a breach of the Financial Memorandum and confirmed that he had asked the College's internal auditors to investigate the matter. Members noted that the Audit & Assurance Committee would consider the report from the internal auditors and an update would be provided to the Board thereafter.

Strategic Risk

12. Members regularly reviewed the Strategic Risk Register and Management Action Plans (MAPs) for those risks within the remit of the Committee, recommending any changes to the Board for final approval.

Other Items Considered

13. Over the course of the academic year, members also received papers on health and safety, facilities management, IT progress, procurement and other reports, as well as policies relevant to the remit of the Committee.

Members' Attendance

14. The attendance of members of the Committee for this academic session, and the previous four academic years, is as follows:

Year	No. of Meetings	Possible Attendances	Actual Attendances	Percentage Attendance
2018-19	4	26	18	69%
2019-20	4	28	19	79%
2020-21	4	28	21	75%
2021-22	5	28	22	79%
2022-23	4	20	16	80%

Review

15. The Board of Management's committees review their Terms of Reference annually, recommending any changes to the Board for approval. This is an opportunity for members of the Committee to reflect on the purpose, remit, business, membership and meetings at the end of the academic year with the next session in mind.
16. In June 2023, the Board of Management approved a new structure and Terms of Reference for its committees. On 1 August 2023, the Committee was retitled "Finance Committee" and responsibility for estates, facilities, IT and health and safety was assumed by the People & Culture Committee. New developments to the College's campus or property will now be considered by the Development Committee.