

References Board of Management

Meeting of the Finance & Physical Resources Committee

MINUTE OF 4th MEETING HELD ON WEDNESDAY 27 MAY 2020 AT 1530 HRS (FPRC4)

Present	
Karen Kelly (KK) (Convener)	Ronnie Quinn (RQ)
Robyn Lambert (RL)	Lesley Woolfries (LW)
Paul Little (PL) (Items 1 - 4.5)	
In attendance	
Paul Clark (PC)	Stuart Thompson (ST)
Alex Stewart (AS)	Ann Butcher (Minute)
Apologies for absence	
Dylan Duff (DD)	Stuart Patrick (SP)

Item FPRC4-1	Apologies for Absence	
Paper No:	Lead: K Kelly	Action requested: Note
Decision/Noted	DD and SP were not in attendance.	

Item FPRC4-2	Declarations of Interest	
Paper No:	Lead: K Kelly	Action requested: Note
Decision/Noted	There were no declarations of interest.	

Item FPRC4-3.1	Minute of Previous Meeting held on 26 February 2020	
Paper No: FPRC4-A	Lead: K Kelly	Action requested: Approve
Decision/Noted	That the minute of the meeting be approved. There were no matters arising.	

Item FPRC4-3.2	Financial Regulations Update	
Paper No: FPRC4-B	Lead: S Thompson	Action requested: Approve
Discussion/ Matters Arising	<p>ST provided the Committee with a brief review of the updated College Financial Regulations which now includes the change in SMT responsibility for the College payroll service which has now moved from Finance to HR.</p> <p>LW made reference to Point 73.2 whereby Option Appraisals consistent with the Green Book must be undertaken and highlighted that this must be regularly applied, particularly in consideration of appraisal options within the forthcoming COB Business Case.</p>	

	<p>RQ suggested that responsibility for the payroll service was not made clear within the document as Point 63.1 still makes reference to responsibility being within the remit of the VP Corporate Services. PL added that responsibility now lies with the HR Director however overall accountability still lies with the VP Corporate Services. This information will be further revised and circulated to members.</p> <p>References to the Audit and PNR Committee will also be updated to the Audit and Assurance and Performance and Nomination Committees respectively.</p>
Decision/Noted	To further review and update the Regulations as discussed and circulate to members.

Item FPRC4-4.1 Strategic Risk Review			
Paper No: FPRC4-C	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">Lead: P Clark</td> <td style="width: 50%;">Action requested: Discuss</td> </tr> </table>	Lead: P Clark	Action requested: Discuss
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Discussion/ Matters Arising	<p>PC presented the risks currently related to the Committee's areas of responsibility in particular, high scoring Risks 15, 16, 20, 22, 23. Members noted that Risks 15 and 16 have been upgraded to risk scores 25 (RED) at the Audit Committee meeting held on 13 05 20.</p> <p>PC further informed the Committee that a new risk, Risk 27 <i>'Failure to manage acute threats relating to coronavirus outbreak'</i> has also been agreed by the Audit Committee for inclusion with a Risk Score of 12 (AMBER). The draft Risk MAP was noted.</p> <p>KK referred to Risk 22 <i>'Negative Impact of Brexit'</i> and reminded the Committee that this was still on the government agenda. This will be kept under close review by the AA and FPR Committees.</p>		
Decision/Noted	<ul style="list-style-type: none"> • To approve the Risks as agreed. • To note the revised Risk Register as at 20 May 2020. 		

Item FPRC4-4.2 Health and Safety Report to 17 March 2020			
Paper No: FPRC4-D	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">Lead: S Lodge</td> <td style="width: 50%;">Action requested: Discuss</td> </tr> </table>	Lead: S Lodge	Action requested: Discuss
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Discussion/ Matters Arising	<p>The monthly Health and Safety Report to 17 March 2020 was reviewed. RQ considered that the report should now include reference to the plans in place for the provision of PPE (for staff and students) and requirements made to ensure that the buildings and workplaces are Covid-secure.</p> <p>ST updated members on current plans and significant changes required to enable social distancing for the foreseeable future. Teams are working on various elements to adapt to new College operations including the provision of appropriate signage and the continued supply of PPE. This also includes the provision of hand sanitisers at different locations within the buildings. The creation of a low risk environment to ensure the safety of staff and students is of prime importance and management are confident that the required PPE and safety of workplaces will be in place prior to their return.</p>		

	<p>PL added that Covid 'test positive' data will also be provided however to date, there are no confirmed cases for both staff and students. He further advised that at present, the return start date of the academic year will be adjusted with teaching staff returning on 17 August and face to face teaching beginning on 14 September. Support staff will return early August.</p> <p>LW referred to planned social distancing arrangements and reminded the Committee that the revision of appropriate fire evacuation and emergency plans would also need to be considered. LW further referred to the time lag following the completion of the Health and Safety Policy on 15 January and submission to the FPRC for approval. PC will advise SL on this matter.</p> <p>PL welcomed guidance and insight from LW on the preparations in place for the provision of hub schools.</p>
Decision/Noted	<ul style="list-style-type: none"> • To note the update report. • That a Covid update will be reflected within future reports. • That the Health and Safety Policy will be submitted at the next meeting.

Item FPRC4-4.3 Future Catering Provision			
Paper No: FPRC4-E	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Lead: S Thompson</td> <td style="width: 50%;">Action requested: Discuss</td> </tr> </table>	Lead: S Thompson	Action requested: Discuss
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Discussion/ Matters Arising	<p>ST provided an update on the current catering provision which expires on 31 July 2020. A tender for new provision (commencing August 2020) was undertaken and following evaluation, a successful bidder was agreed. A formal award has not yet been communicated.</p> <p>Following the outbreak of Covid 19 and the potential impact on future catering provision, the contract has now been revisited. Given potential changes relating to various factors, in particular the likely reduction in footfall of both staff and students, the overall operating model including the original financial forecast is no longer fit for purpose and is being reconsidered.</p> <p>The financial liabilities for the College (particularly where future requirements are significantly reduced) are being discussed with the College solicitor and an update will be provided. The Committee acknowledged that some form of catering provision would be required in the next session and that various options were under consideration.</p>		
Decision/Noted	<ul style="list-style-type: none"> • That an update will be provided at the next meeting of the Board on 3 June. • That a full options proposal paper (including costings) will be submitted for consideration at the next meeting of PNC on 24 June. • To agree that the PNC approve the future catering proposal on behalf of the full Board. 		

Item FPRC4-4.4 Financial Plan 2019-20			
Paper No: FPRC4-F	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Lead: S Thompson</td> <td style="width: 50%;">Action requested: Discuss</td> </tr> </table>	Lead: S Thompson	Action requested: Discuss
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**Discussion/
Matters Arising**

The financial plan for 1 August 2019 to 31 July 2020 was reviewed. An updated forecast reflecting the impact of the Covid crisis was made during April which forecast a deficit of £4.011k. A new forecast has been produced during May which now projects a smaller deficit of £1.441k to 31 July 2020. This improved situation reflects a higher proportion of courses being taught online which has increased the projected fee income, the decision to furlough staff and claim funds via the government Coronavirus Job Retention Scheme, and additional agreement from the SFC to pay their element of ESF in full. The Executive are working to further reduce this deficit.

Whilst it was recognised that this position was not unexpected and that all Colleges within the sector are currently forecasting financial deficits. The increased negative impact for CoGC, particularly due to the high level of non-SFC income via commercial and international activity was highlighted.

PL confirmed that lines of communication continue with the SFC and Scottish Government. A request to repurpose the capital funding underspend from across all government agencies to assist with the overall College sector deficit has been submitted. PL further added that whilst a deficit budget will be reported this year, this was an acute and critical outcome of the Covid 19 crisis, with no suggestion of mismanagement nor negligence by any party.

ST also reported on his involvement with the Colleges Scotland Finance Committee who are currently engaging with the SFC to mitigate the impact of the crisis and to investigate new funding sources for the sector.

Decision/Noted

To note the update report.

Item FPRC4-4.5

Financial Forecast Year 2021

**Paper No:
FPRC4-G**

Lead: S Thompson

Action requested: Discuss

**Discussion/
Matters Arising**

ST presented the Financial Plan options for the period 1 August 2020 to 31 July 2021. The Plan provides 3 versions of the Income & Expenditure account based on pessimistic, realistic and optimistic assumptions.

Currently with the high level of uncertainty on items of income and expenditure, ELT believe that a plan for a robust, breakeven budget will not be possible. An improved budget with a reduced deficit will be provided at the next meeting of PNC.

Potential initiatives to cost save or generate additional income were reviewed. KK suggested that more detailed information including prioritisation should be provided on these proposed initiatives, highlighting ease of deliverability and impact on the College. LW added that every mitigation should be enacted were possible.

PL advised that access to Arm's Length Foundation funding would not be considered at this time. This was supported by Committee members.

Decision/Noted

- To provide additional detail on potential initiatives as agreed.
- To submit an update paper at the next meeting of PNC.

PL left the meeting during the following discussion.

Item FPRC4-4.6		Non-Compliant Spend Report (Q2)
Paper No: FPRC4-H	Lead: S Thompson	Action requested: Discuss
Discussion/ Matters Arising	<p>The Quarter 2 position of total regulated non-compliant spend for 2019-20 was noted. ST confirmed that the increase in non-compliant spend to 7% (from the previous Quarter) was due to the final payment for completion of sale of the NHS site (92k). This has largely skewed the overall figure.</p> <p>The Committee noted that due to the Covid crisis, short term purchasing has dramatically reduced.</p>	
Decision/Noted	To note the update report.	

Item FPRC4-5.1		Facilities Management Report
Paper No: FPRC4-I	Lead: S Thompson	Action requested: Discuss
Decision/Noted	To note the update report.	

Item FPRC4-5.2		IT Progress Report
Paper No: FPRC4-J	Lead: S Thompson	Action requested: Discuss
Decision/Noted	To note the update report.	

Item FPRC4-5.3		Credit Delivery Update
Paper No: FPRC4-K	Lead: S Thompson	Action requested: Note
Decision/Noted	To note the update report.	

Item FPRC4-6		Any Other Notified Business
Paper No:	Lead: S Thompson	Action requested: Note
Decision/Noted	None.	

Item FRPC4-7		Disclosability of Papers
Paper No:	Lead: P Clark	Action requested: Verbal
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:	Lead: Convener	Action requested: Note
Decision/Noted	Wednesday 30 September 2020	

The meeting closed at 5.05 pm.

ANNEX TO THE MINUTE

ACTION POINTS ARISING FROM THE MEETING

Item	Description	Owner	Target Date
FPRC4-3.2	Financial Regulations Update: To further review and update the Regulations as discussed and circulate to members.	ST	ASAP
FPRC4-4.2	Health & Safety Report: Provide a Covid update within future reports.	SL/ST	30 09 20
FPRC4-4.2	Health & Safety Report: Submit Health and Safety Policy at next meeting.	SL/PC	30 09 20
FPRC4-4.3	Future Catering Provision: Provide an update at the next meeting of the Board.	ST	03 06 20
FPRC4-4.3	Future Catering Provision: Provide full options proposal paper (including costings) at the next meeting of PNC.	ST	24 06 20
FPRC4-4.5	Financial Forecast Year 2021: Provide additional detail on potential initiatives as agreed. Submit update paper at the next meeting of PNC.	ST/PL	24 06 20

ACTION POINTS ARISING FROM THE MEETING

Item	Description	Owner	Target Date
FPRC3-4.8	Charles Oakley Building (COB) – Draft Business Case: To progress a revised business case for COB as agreed.	RG	ASAP
FPRC1-3.6	1. Provide the Committee with the text on Fee Waiver Policy which will be presented to students 2. Remove reference to other non-relevant content (e.g. reference to Orkney & Shetland Colleges)	ST	Ongoing
FPRC1-3.7	1. Enhance the detail within the assumptions made in the FFR paper. 2. Provide appropriate guidance to student members regarding the significant aspects of financial planning/forecasts.	ST	26 02 20
		ST/PC	26 02 20