



BOARD OF MANAGEMENT FINANCE AND PROPERTY COMMITTEE MEETING

Minute of the Finance and Property Committee meeting held on Tuesday 12 March 2019 at 5.00 pm in Y150, Gardyne Campus.

PRESENT:	S Mill (Chair) G Bisset A O'Neill	A McCusker G Ritchie
IN ATTENDANCE:	C Blake (Vice Principal) S Taylor (Vice Principal and Secretary to the Board) W Grace (Head of Estates) A Ross (Head of ICT)	S Hewitt (Vice Principal) B Ferguson (Head of Finance)

1. WELCOME

S Mill welcomed members to the meeting and noted that this was the final Finance and Property Committee meeting for C Blake. S Mill thanked C Blake for her work over the past 3 years.

2. APOLOGIES

Apologies were received from: D Fordyce, D Mackenzie, N Lowden, and C Clinkscale

3. DECLARATIONS OF INTEREST

There were no declarations of interest. S Mill noted that he worked for Angus Council in respect of agenda item 11.3 but had no involvement or pecuniary interest in the matter.

4. ESRC RESEARCH PROJECT – INFORMED CONSENT

S Mill noted that this was for information.

5. MINUTES OF FINANCE AND PROPERTY COMMITTEE MEETING 27 NOVEMBER 2018

The Minute of the Finance and Property Committee meeting held on 22 January 2019 was approved as an accurate record.

6. MATTERS ARISING

An update on the new website was provided and it was noted that the completion date was likely to be early April 2019.

Relationships with the D&A Foundation were discussed and it was agreed that a strategy in respect of the foundation would be developed. **G Ritchie to progress.**

It was confirmed that the revised Good to Great budget forecast had been submitted to the D&A Foundation.

All other actions were included in the agenda or had been progressed.

7. BUDGET MONITORING REPORT AND UPDATE

S Mill introduced the budget monitoring paper, highlighting that the forecast had improved from a £1.24m to a £2.09m cash backed surplus. This compared with the £570k original budget forecast.

B Ferguson noted this positive position and highlighted that this related to a relatively small number of movements including: increased income from Skills Development Scotland (SDS) as a result of improved milestone achievement by MA candidates; a reduced forecast for part-time variable staff costs; the income from the 1,500 additional in-year credits from the Scottish Funding Council; additional ESF funds received following the year end reconciliation of these at a national level; and additional income relating to the Child Poverty Fund project.

S Mill asked about potential risks relating to the additional credits and S Hewitt outlined work undertaken to ensure that activity projections were accurate and that the additional activity was delivered.

B Ferguson noted that capital grant had reduced for financial year 2019/20 and that any impacts from this reduction would be factored into the next forecast. It was noted that tuition fee income was likely to reduce due to economic impacts on commercial activities in areas including engineering and construction.

S Hewitt outlined plans to 'refresh' the commercial offer in year in response to the drop off in some areas.

B Ferguson highlighted that there was no further clarity in terms of academic staff pay costs and noted the assumptions made at this stage.

A McCusker asked if a service charge would be levied for Gardyne Theatre Limited. B Ferguson noted that this was usually levied at the end of the year and noted that this would not have any overall impact on the accounts.

B Ferguson advised that it was likely that the College would have to return substantive student support funds, having received £1.3m in-year redistribution. The reasons behind this were discussed including: changes in assumptions/demands around the impact of Universal Credit; claims waiting to be submitted at the point the additional funds were requested (Nov 18) that had not materialised; and a lower level of average award for January start students.

The complexity and uncertainty of the projection process was noted and it was agreed that it was more prudent to over-estimate rather than underestimate the funding needs.

B Ferguson stated that the improved forecast impacted positively on the College's cashflow, but noted that almost all of the positive moves were as a result of one-off items. It was confirmed that costs associated with Voluntary Severance had not been factored in to the forecast.

The report and positive movement was welcomed.

8. GOOD TO GREAT BUDGET

C Blake summarised the budget report, highlighting that £373k had been spent and that a clear plan was in place in respect of the remaining funding. It was noted that this forecast confirmed that the full allocated budget would be utilised by end December 2019, with this reflected in the project report going to the full Board.

It was confirmed that this forecast included a sum allocated to support post-project evaluation.

9. ICT RESOURCE PLAN

The Committee welcomed Andy Ross as the new Head of ICT. S Mill summarised the plan and thanked A Ross for his work in developing such a complex plan in the short period since his appointment.

A Ross outlined the approach taken and highlighted the importance of linking the plan to the overall digital strategy for the College, and within a clear strategy in terms of how future ICT systems and infrastructure would develop. This was discussed in detail, and the future strategy around increased transfer to cloud based services ('cloud first' strategy) and hosted services were noted.

The resource plan and individual projects and costs were discussed in detail and A Ross confirmed that these were high level proposals at this stage, and that work would be undertaken to further develop each element of the plan into business cases relative to identified priorities and available funds. These would be subject to approval in due course in line with the requirements of the Financial Regulations. In advance of such business cases, the Executive Team would consider the deliverability of the ICT Resource Plan from a financial perspective.

A McCusker noted that the College used multiple vendors for systems and asked if there could be savings by moving to a single (or limited) vendor. A Ross noted that this could be possible, but highlighted that a number of systems across the College were contracted over different periods and that some systems were specialised for education. A Ross noted that the future strategy would be to seek to consolidate systems over time.

The timescale for renewal of the Pay360 system was noted and it was highlighted that a business case for a move to Cloud would need to be developed very quickly given the PCI DSS issues associated with loss of support for the current version of the software. This was recognised and C Blake noted that this had been missed from the contracts schedule. A McCusker noted her concern at this. B Ferguson stated that information on this had been sought from Capita and that it had initially been thought that this would not need to be renewed until September 2019. Following discussion, it was agreed that a business case would be considered as required outwith the normal meeting cycle. **C Blake to progress.**

The planned expansion of Virtual Desktops (VDI) was noted and A Ross confirmed that the current infrastructure struggled to support the concurrent user licences available. This was noted as a concern.

Plans to update firewall security were noted and the importance of this work was recognised.

Plans to improve and extend Wi-Fi across the College estate were discussed and it was noted that this would be funded through Good to Great as a part of the digital infrastructure theme. A Ross highlighted that this work was a central part of developments to support learners bringing their own devices and noted that this was an area where current infrastructure limitations resulted in student complaints.

The overall sustainability of ICT systems and funding was discussed and the shift in emphasis from major capital investments to hosted systems (with resulting rationalisation of support needs) was noted.

The plan was noted with interest and S Hewitt thanked A Ross for the huge amount of work that had been undertaken to develop this.

10. FINANCIAL STRATEGY

S Mill introduced the financial strategy highlighting that this was an update to the 5 year rolling strategy and that the strategy noted the need for the College to achieve 2.75 million in savings over the 5-year period.

C Blake summarised the strategy, highlighting that this would go to the full Board for final approval and would establish the parameters for setting the 2019/20 budget.

C Blake noted that the SFC funding assumption within the strategy was that there would be flat cash for the foreseeable future, with funding to cover the final elements of pay harmonisation. C Blake noted that it was also planned that non-core income would increase by 1.5% per year (and non-core activity volume by 2%) and that cost of living increases would be 2% (c.600k) per year. In response to a query from A McCusker, C Blake noted that it had been assumed that cost of living increases for 2017/18 and 2018/19 would be non-consolidated. This was discussed and it was agreed that the sensitivities section be updated to include the impact of consolidated awards in these years. **C Blake to progress.**

C Blake stated that the strategy assumed that there would be transitional relief for the increase in the employer's pension contributions of £675k per annum, but that this would be for one year only.

Non-pay budgets would remain static, with savings being needed to cover inflationary costs.

C Blake outlined the recovery plan required to ensure that the College remained financially sustainable, with the strategy forecasting that cash balances at the end of the period would remain at similar levels to those at the start of the period (with the current year increase being utilised over the intervening years). It was confirmed that any increase in staff costs would be funded through voluntary severance and reductions in staff numbers.

A McCusker asked what the view of the Scottish Funding Council (SFC) was in respect of current cash balances. C Blake advised that this had been noted within the FFR and had not been raised as an area of concern.

The key sensitivities in respect of the strategy were discussed.

S Mill asked that an update on savings plans be confirmed at future meetings (via the regular budget monitoring update report) and A McCusker noted the risks of on-going 'death by 1000 cuts' and highlighted that plans should also consider radical steps to make savings were appropriate. **G Ritchie to progress.**

The strategy was approved for submission to the Board. **C Blake to progress.**

11. ESTATES STRATEGY

C Blake introduced the estates strategy document noting that this was a high level strategy that set out the context and broad direction of travel for the College estate within which future decisions on individual projects or developments could be located. C Blake stated that the strategy did not include the type of detail that would be brought forward in an outline business case or individual business cases, but would provide a framework for consideration of these.

C Blake noted that the key parameters used to inform the strategy were summarised in section 2.5 of the cover paper and that the overall shape of the future estate was outlined in section 2.6

S Mill asked if there were any benchmarks to support the guiding principles outlined on page 5. B Grace noted that there were for some of these and noted work progressing across the sector to share information of this type. S Mill welcomed this and noted that this was the type of detail that it would be useful to see in individual business cases.

A McCusker highlighted the significant backlog maintenance issues at the Arbroath campus and the likely challenges in funding the works needed for this. This was discussed and B Grace noted that, although highlighted, the works needed were not as urgent as some other areas. It was agreed that the wording in this section would be reviewed. **C Blake to progress.**

S Mill noted the need for a strategy around future movements or changes in curriculum, with this reflected in future business cases. The impact of potential curriculum changes were discussed.

It was agreed that the strategy would be updated to better reflect the engagement and co-design of future estates plans with learners, rather than simply consultation with them. **C Blake to progress.**

The strategy was approved for submission to the Board. **C Blake to progress.**

12. 2019/2020 CAPITAL PLAN

S Mill introduced the plan, stating that this covered the £1.646m of capital funding for the period April 2019 – March 2020.

B Grace summarised the plans, highlighting the focus on backlog maintenance issues. The prioritisation of these was discussed and B Grace confirmed that any works at Kingsway would not be 'lost' should further estates plans for the campus be progressed.

The plan was approved.

13. FORFAR OUTREACH CENTRE

The proposed lease of property from Angus Council to replace the current outreach provision in Forfar was discussed. A McCusker stated that she was happy to support the proposal, but noted that the options should have included an option not to replace at all. This was noted.

A McCusker asked that a summary of student numbers and running costs per student for Forfar be provided. **C Blake to progress.** The value of the centre to the Forfar community and its impact on rural funds was noted.

B Grace advised that the lease would have a break clause after 3 years. Following discussion on plans, the change of premises was approved, subject to final approval of the lease agreement by the Board Chair. **C Blake to progress.**

14. **KINGSWAY CAMPUS POST PROJECT EVALUATION**

B Grace summarised the post-project evaluation of the replacement windows at the Kingsway campus. It was noted that this had been a positive project and that feedback from students and staff had been very positive.

15. **VP CORPORATE SERVICES REPORT**

S Mill stated that the report was for noting and asked C Blake if there were any specific points she wished to highlight. C Blake noted the indicative funding announcement from SFC and confirmed that she would circulate a summary of this for members of the Committee.

C Blake highlighted the contract for replacement of audio visual equipment and highlighted that this should have been included in the procurement contracts list provided at the November meeting. This was discussed and noted.

The change of date for the HMRC audit was noted.

16. **DATE OF NEXT MEETING**

Tuesday 21 May 2019, 5.00pm, Room Y150, Gardyne Campus

Action Point Summary

Action	Responsibility	Date
Strategy for D&A Foundation links to be developed	G Ritchie	21 May 2019
Business case for Pay360 upgrade to be progressed	C Blake/ B Ferguson	26 April 2019
Financial Strategy sensitivities to be updated to incorporate impact of consolidated pay award in April 2017 and April 2018	C Blake	19 March 2019
Savings plan to be developed and reflected in future budget monitoring updates	G Ritchie	21 May 2019
Financial strategy to progress to the Board for approval	C Blake	19 April 2019
Update to estates strategy to reflect the following and submit to Board for approval:	C Blake	19 April 2019
Amendment to section to clarify urgency of backlog maintenance issues in Arbroath		
Inclusion of co-design rather than consultation with students.		
Information on average running costs per student to be developed for Forfar outreach centre	C Blake	21 May 2019
Forfar lease arrangements to be finalised and signed off by Board Chair	C Blake	21 May 2019