

# BOARD OF MANAGEMENT



## Finance and Property Committee Tuesday 10 September 2019

*Approved*

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Minute of the Finance and Property Committee meeting held on Tuesday 10 September 2019 at 5.00 pm in Y150, Gardyne Campus.

**PRESENT:**

|                |             |
|----------------|-------------|
| S Mill (Chair) | A McCusker  |
| G Bisset       | G Ritchie   |
| B Carmichael   | D Mackenzie |
| D Fordyce      |             |

**IN ATTENDANCE:**

|  |                           |
|--|---------------------------|
| J Carnegie (Vice Principal)                          | S Hewitt (Vice Principal) |
| S Taylor (Vice Principal and Secretary to the Board) |                           |
| W Grace (Head of Estates)                            | A Ross (Head of ICT)      |
| M Sanderson (Executive Secretary)                    |                           |

### 1. WELCOME

S Mill welcomed members to the meeting along with Donald Mackenzie, new Board of Management member to his first Finance and Property Committee meeting.

### 2. APOLOGIES

Apologies were received from N Lowden.

### 3. DECLARATIONS OF INTEREST

There were no declarations of interest.

### 4. ESRC RESEARCH PROJECT – INFORMED CONSENT

S Mill noted that this was for information.

### 5. MINUTES OF FINANCE AND PROPERTY COMMITTEE MEETING 21 May 2019

The Minute of the Finance and Property Committee meeting held on 21 May 2019 was approved as an accurate record with a slight change to Item 7 with the figures should be shown as £2,146K.

### 6. MATTERS ARISING

#### 6.1 End of Year Cash Holding

J Carnegie noted that there was £2.1 million cash held at the end of July and that the College, following repayment of part of the Gardyne loan and bringing forward some expenditures.

## 6.2 WiFi Upgrade

J Carnegie noted that arrangements had been confirmed and implemented for the purchase of improved WiFi systems.

A Ross summarised work completed in phase 1 and plans to implement phase 2. A McCusker asked if the College investment in WiFi at Kingsway campus could be lost given there are redevelopment plans for the campus in place. A Ross noted that this was not the case and stated that Kingsway was a priority for WiFi upgrade due to current poor coverage and student complaints.

## 6.3 D&A Strategy for Foundation

G Ritchie summarised the approach that the College wished to develop in working with the D&A Foundation, but highlighted that the foundation was wholly independent from the College. It was noted that this included ensuring that Trustees were fully briefed on College plans and aspirations, and a desire for the College to focus any future bids on major capital developments.

G Ritchie stated that the Foundation Trustees were keen to look at supporting students via scholarships or other support and summarised ideas being developed to take this forward.

G Ritchie noted that the College plan to run engagement opportunities with the Trust and to hold a possible strategy day in January, especially with the close of Good to Great project. G Ritchie highlighted the College were looking at inviting members of the Trust to events such as the Graduation ceremony.

J Carnegie summarised recent discussions with the Foundation's legal advisors and their desire to consider bigger projects.

G Ritchie would provide a further update at the next meeting.

## 7. BUDGET MONITORING REPORT AND UPDATE

S Mill introduced the budget monitoring paper, highlighting that the forecast had improved to a £2,471K cash backed surplus. This represents a net increase of £325K since the last report to the Committee.

J Carnegie noted that the cash backed position was an early indication and that this would be kept under review. This was discussed and it was agreed that further plans and options to utilise cash in-year (including further loan repayment) if required would be developed for January 2020. **J Carnegie to progress.**

A McCusker asked if SFC could seek money back given the level of surplus arising. J Carnegie explained this was very unlikely, and noted that other colleges were in a similar position.

J Carnegie summarised the main changes in income and expenditure arising since the last meeting as detailed in the report, and noted that these were mainly positive.

J Carnegie noted that a re-budgeting exercise would be undertaken for November 2019, and highlighted what were expected to be the key movement in income and expenditures influencing the revised budget.

Possible impacts on the budget for 2019/20 were noted, including a reduction in HE recruitment.

The report and positive movement was welcomed.

## **8. GOOD TO GREAT MONITORING SCHEDULE**

S Mill summarised the Good to Great schedule brought to the Finance and Property Committee. J Carnegie noted that the quarter 8 claim will be made soon, with this lower compared to other quarter claims.

Expenditures in respect of Good to Great were discussed and it was noted that overall all expenditures were committed or planned through to December 2019, with a small contingency remaining.

## **9. FINANCIAL FORECAST RETURN**

S Mill noted to the Finance and Property Committee that the Financial Forecast Return (FFR) is due to be submitted by Friday 27 September 2019. J Carnegie noted this would be a challenging timescale as the auditors will be on site at the same time as the FFR is due.

J Carnegie noted that herself and B Ferguson had met with the Scottish Funding Council to discuss the College's FFR and had had very positive discussions. J Carnegie stated that SFC were keen that all colleges had plans in place for their FFR.

J Carnegie noted that the flat lining of the teaching grant followed by a cut in 2022 would be a major part in the FFR planning and exercise and noted that it was important that the Board were aware of this and were aware of potential steps needed should this situation arise.

Arrangements and approaches to the development of the FFR were discussed, alongside the implications of the possible reduction of c 3,500 credits and the College's ability to react to this.

A McCusker asked if the 3% in efficiency savings is built into the budget. J Carnegie confirmed this would be included in the budget.

The FFR paper was welcomed and discussions held would inform the final detail of the FFR for approval at the Full Board on 24<sup>th</sup> September. **J Carnegie to progress.**

## **10. PROCUREMENT UPDATE**

S Mill noted that the Finance and Property Committee were asked to consider the report and the range of contracts covered that required approval by the Committee. These were all those in excess of £50,000 that required to be progressed over the forthcoming year.

J Carnegie noted that she had provided a more detailed report to the Committee, compared to previous reports and the report highlighted the range of contracts expected to be procured. J Carnegie also highlighted that a further Procurement and Commercial Improvement Programme (PCIP) audit was planned for 2019/20.

S Mill highlighted that there were 38 proposed procurements in the paper. Thirty two were to be undertaken through national contracts, frameworks, etc., two were open tender, two were direct award and two had yet to be determined. With regard to the two contracts still to be determined (graduation services / personal protection equipment) it was agreed that further detail on these be provided to the Committee as tender exercises progressed. **J Carnegie to progress.**

S Mill asked if the information outlined in respect of the student transportation contract was an extension under the terms of the current contract. J Carnegie noted that she would check this and confirm within the minute (see below).

A McCusker noted that the report contained good information and detail and praised the presentation of the report.

S Mill confirmed that the Finance and Property Committee were happy to approve the report and progression of the procurement exercises.

## 11. ESTATES DEVELOPMENT UPDATE

S Mill introduced the paper summarising plans for the development of the Kingsway estate.

J Carnegie summarised the papers and noted the anticipated position that the proposed STEM Centre would be eligible for funding through the new Scottish Government Mutual Investment Model. It was noted that the Scottish Government had confirmed the funding model and SFC have highlighted this as the likely way to invest in public infrastructure developments going forward.

The arrangements underpinning the MIM model were discussed.

J Carnegie summarised the proposed approach, with a bid for funding to be made for a new STEM centre combined with renovation of the Kingsway tower through use of other funds.

The possible links between the STEM development and the proposed development of the Michelin site were discussed and G Ritchie noted that the SFC could be potential co – funders in the Michelin site project from separate funds.

B Grace noted that backlog funding might be available from SFC to support refurbishment of the infrastructure in the tower building at Kingsway Campus.

J Carnegie noted that the College was seeking approval from the Committee to spend up to £100K on plans and designs for the Kingsway Tower building refurbishment. These plans, and a business case, would be brought to the Committee and the full Board of Management meeting in March 2020 for final consideration and approval.

S Mill noted that he was keen to understand the detail of the MIM funding model proposed for the STEM centre in order that there was clarity on the financial / contractual commitments the college was entering into well before any formal commitment was necessary. This was discussed and it was agreed that further information on the model and the likely lease and financing arrangements around this would be sought. **J Carnegie to progress.**

The curricular needs and requirements underpinning the proposals were discussed and S Hewitt confirmed that the curriculum was at the heart of developments and ensuring future developments were digitally and industry ready.

The risks associated with only being able to fund part of the planned development was discussed, and it was noted that other funding sources would be sought where possible relative to the planned work phases.

The Committee agreed the proposed approach and timeline and confirmed approval for up to £100K expenditure on designs. **B Grace to progress.**

## 12. ESTATES UPDATE

B Grace summarised the paper and noted a cause for concern around the cladding in the CALC building at Arbroath Campus. It was noted that the problem was on a bigger scale than had originally been thought. B Grace noted the cost was estimated to be around 380K as a maximum.

B Grace noted that this was essential maintenance work and proposed to the Committee that the College go ahead with this on the basis that other planned works be pushed back into future years.

D Fordyce and G Bisset asked if there would be any comeback from the company who carried out the initial building work. B Grace noted that the companies involved were no longer in business however he would investigate and progress with a claim if possible. This would be reviewed and reported back to the next meeting. **B Grace to progress.**

It was agreed that the remedial work be undertaken. **B Grace to progress.**

B Grace highlighted the work carried out to promote the Reverse Vending scheme at each campus. B Grace noted the Students Association currently have two interns from Dundee University in the team, who are creating videos about the scheme and promoting to students.

B Grace noted the team have been shortlisted for two Green Gown awards, and also shortlisted for two awards at the upcoming CDN awards.

## 13. STRATEGIC RISK REGISTER & RISK DELEGATION TO COMMITTEES

S Mill summarised the proposal that the Committee accept responsibility for designated strategic risks and noted that he was comfortable with these but did have a question around 4.2 in the Risk Register and the split ICT of risks between the Finance and Property Committee and Audit and Risk Committee. This has been highlighted to the Audit and Risk Chair and would be raised with the Audit and Risk Committee for consideration. **S Taylor to progress.**

S Mill stated that in accepting the changes members should note that there would be discussions around the Risk Register at each Committee.

Options discussed at the Learning, Teaching and Quality Committee were noted and it was advised that these would go forward to the full Board for consideration.

J Carnegie noted that each Board paper could link to the relevant risk. This was welcomed and would also go forward to the full Board.

The Committee approved the Risk Register paper.

## 14. VP CORPORATE SERVICES REPORT

J Carnegie summarised the report for noting and highlighted the huge amount of work that the Administration Teams have carried out over the summer, and resulting improvements in service for students at the start of session.

J Carnegie noted the plan to review the financial regulations, noting her wish to look at increasing the various delegated thresholds to align with the roles/responsibilities and the size and complexity of the College.

J Carnegie also summarised actions from the handover to her and confirmed that the Committee were happy with the changes proposed.

## 15. DATE OF NEXT MEETING

Tuesday 26 November at 5.15pm, room Y150, Gardyne Campus. Joint meeting with Audit and Risk Committee.

### Action Point Summary

| Action   | Responsibility | Date              |
|--|----------------|-------------------|
| Arrangements to manage in-year cash (including potential further loan repayment) to be developed             | J Carnegie     | 21 January 2020   |
| Final draft FFR paper to be presented for Board approval   | J Carnegie     | 24 September 2019 |
| Details arising through new procurement of graduation services and PPE contracts to be shared with Committee | J Carnegie     | As outcomes arise |
| Information on MIM financing and related arrangements to be sought   | J Carnegie     | 21 January 2020   |
| Kingsway Tower design work to be progressed  | B Grace        | 10 March 2020     |
| Remedial cladding work to be progressed (with insurance claim as appropriate)                                | B Grace        | 26 November 2019  |
| Ownership of risk 4.2 to be discussed with Audit & Risk Committee  | S Taylor       | 17 September 2019 |

### Update

The Committee sought clarification on the “contract period” that was reported in the Procurement update. The contract awarded was for an initial 3 years with an option to extend for a further 2 years, which would end in August 2022, assuming that the contract is performing well and there are no issues that would prevent us from extending.

| Contract name            | Student Transport                            |
|--------------------------|--|
| Incumbent Supplier       | Stagecoach / Xplore Dundee                   |
| Annual Value (2018/19)   | £400K  |
| Estimated Contract Value | £800K  |
| Owner                    | Dundee & Angus College                       |
| Original Start Date      | 07/08/2017                                   |
| Route to Market          | Direct award with publication of VEAT notice |
| Contract Start Date      | 07/08/2020                                   |
| Contract Period          | 24 month extension within existing contract  |
| Rationale                | Extension of existing contract.              |
| Risks                    | None identified.                             |

