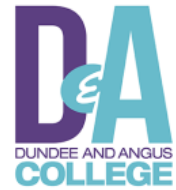


BOARD OF MANAGEMENT

Finance and Property Committee Meeting

Tuesday 19 May 2020

Draft confirmed by Chair



Minute of the Finance and Property Committee meeting held on Tuesday 19 May 2020 at 5.00pm in Teams.

PRESENT:

S Mill (Chair)	A McCusker
D Mackenzie	B Carmichael
D Fordyce	G Ritchie
S Stirling	

IN ATTENDANCE:

J Carnegie (Vice Principal)	S Taylor (Vice Principal)
B Ferguson (Head of Finance)	S Hewitt (Vice Principal)
B Grace (Head of Estates)	A Ross (Head of ICT)
T D'All (Principal's/Board Chair PA)	

1. WELCOME

S Mill welcomed members to the meeting.

2. APOLOGIES

Apologies were received from G Bisset, H Honeyman and N Lowden

3. DECLARATIONS OF INTEREST

D Mackenzie noted his role with Michelin in respect MSIP Skills Academy.

4. MINUTES OF FINANCE AND PROPERTY COMMITTEE MEETING 21 JANUARY 2020

The minute of the Finance and Property Committee meeting held on 21 January 2020 was approved as an accurate record.

5. MATTERS ARISING

J Carnegie advised that Item 8.0 of the Matters Arising should show as being "Open" as the Draft OBC had not been circulated to the Board for approval. J Carnegie noted that SFC are aware of the delay in this work due to the COVID-19 situation and stated that a catch up meeting will take place week on 2 June 2020.

J Carnegie noted that the Matters Arising Item 7.0 from the 10 September 2019 meeting re the Loan Repayment would not now be progressed.

The Finance & Property Committee noted the Matters Arising.

6. COVID-19 IMPACT ON FINANCES AND FINANCE ACTIVITY

J Carnegie noted that Vice Principal Corporate Services Report (Item 13 of the Agenda) included a summary of the impact on finances as a result of COVID-19 and stated that she would cover this later in the meeting.

J Carnegie highlighted that a COVID-19 Recovery Plan paper had been prepared for the Chairs Committee and would be expanded and updated for the Board meeting in June.

7. BUDGET MONITORING REPORT

S Mill highlighted that the forecast cash backed surplus for the year of £906K was now projected, £302K more than the revised budget of £604K and up £431K on the previously reported forecast at Month 6. S Mill noted that it was critical to note the positive impact of salary cost recovery under the Coronavirus Job Retention Scheme (CJRS).

B Ferguson summarised the monitoring report, noting the fairly strong and improved underlying position.

B Ferguson noted that c£1.3M income had been lost due to the COVID-19 situation, largely through commercial, catering and Gardyne Gym & Swim income. It was noted that in most cases, income just stopped at the point that campuses closed.

B Ferguson stated that it was forecast that a c£800K claim would be made to the CJRS with approximately 300 staff roles furloughed from 21 March – 30 June 2020. B Ferguson stated that this claim would support the loss of income outlined previously and through the under delivery of the Flexible Workforce Development (FWDF) but where costs for staffing were still being incurred.

B Ferguson stated that there were still income related risks within the forecast, primarily around apprenticeship and similar programme income from SDS and the various industry managing agents such as CITB and SNIPEF.

B Ferguson noted the assumption that the core teaching credit income would be protected but that there was exposure to the possibility of a clawback of approximately £100K of ESF supported activity should the sector as a whole fail to achieve national target.

B Ferguson advised that the cash flow should remain strong to the end of the year with c£2M in bank at the end of July 2020. S Mill noted that this was a good position for the start of AY 20/21 given the draft budget later on the agenda.

S Mill noted that the Adverse Risk Assessment for ESF was “low” but could be greater given the earlier comments and B Ferguson confirmed that this was the case.

S Mill enquired about the approach being adopted in terms of variable staff salaries and B Ferguson confirmed that all supply staff / variable staff were being paid as normal, based on known or averaged hours.

S Mill noted that the required breakeven position for Gardyne Theatre Limited was likely to be a deficit for the financial year. B Ferguson confirmed that this was the case.

The budget report was noted.

8. 2020/21 DRAFT BUDGET

S Mill noted there will be further iterations of the 2020/21 Draft Budget with more work required to secure a balanced budget in the current situation.

J Carnegie summarised the budget paper, highlighting that this was for information and not approval at present. J Carnegie noted that:

- Main income was projected to be down with Catering and Other Income reduced by c£700K.
- Staff costs were challenging with additional resources likely to be needed to deliver at a distance; with reduced class sizes; staggered groups; and later programme end dates.
- More resources required for cleaning.
- Public Sector Pay Policy of 3%.
- Non-Pay Costs reducing through savings on consumables as a result of reduced face-to-face delivery

J Carnegie noted that guidance was being sought from SFC to enable the presentation of a better balanced position, but was unsure this would be available in time for the June Board meeting. J Carnegie stated that irrespective of this, it was likely that a revised budget would be necessary in November.

S Mill stated that, given current significant uncertainties, this would not be a major problem and noted that a further update could be provided for the Board and further iteration considered at the next meeting (8 September 2020). **J Carnegie to progress**

S Mill suggested that he meet on a monthly basis with J Carnegie and B Ferguson in the lead up to the September meeting to update on progress towards a more balanced budget. This was agreed **J Carnegie to progress**.

The update and proposed approach was noted.

9. 2020 FINANCIAL FORECAST RETURN

J Carnegie indicated that the FFR was not likely to be required until September 2020. This was noted.

10. ESTATES UPDATE

10.1 Kingsway Tower Redevelopment

B Grace updated the Committee on proposals, stating that the original tender of £4.9M had come down to £4.5M with the funding request to the D&A Foundation now being £3.3M rather than the original up to £4M envisaged. It was hoped that this funding could be provided over a 2-year period to support the phasing of planned works alongside the increased SFC backlog maintenance funding of c£2M.

B Grace noted that the COVID-19 pandemic had had an impact on the timescales for the project, with this now planned in 2 phases. It was noted that it was likely that Robertson Construction's employees would come off furlough and could start phase 1 (the new Hair, Beauty & Complimentary Therapy and social area) as early as the beginning of June.

D Fordyce enquired about the plans in place for social distancing and how this would play out within the current plans. B Grace confirmed that there had been a body of work already undertaken on what is realistic with clear social distancing guidelines but noted that this might change depending upon government guidance.

J Carnegie noted that the development of the Hair, Beauty & Complimentary Therapy area was not expected to be ready for use until Jan 2021.

J Carnegie highlighted that a paper had been prepared for the Arm's Length Foundation to provide an update for them on the College estates strategy and phasing of the planned projects. **J Carnegie to progress.**

J Carnegie noted that whilst the Board meeting in March did not take place due to the COVID-19 pandemic (a Chairs meeting took place instead) the Board had received the complete pack of papers that included the paper approved on the Kingsway Tower Development. It was confirmed that the proposed bid to the D&A Foundation would require full Board approval, and that this could be sought by e-mail. It was agreed that J Carnegie email the updated paper to the full Board, seeking approval and giving the option for Board members to take part in an online meeting to ask any questions that they may have prior to deciding on approval. **J Carnegie to progress.**

A detailed discussion took place around the needs and plans for development of campuses to underpin safety and social distancing and to give staff and students confidence in returning to College. B Grace stated that significant work to plan for this was being undertaken and stated that he was optimistic that this would all be possible within the expected timeframes, but noted that this would be a costly exercise with the requirement for new signage, one-way systems, hand sanitisers and some screens and changes of use for facilities. This update was welcomed and it was noted that further details would be built into the COVID-19 Recovery Plan document for the Board.

Discussion also took place in relation to the STEM Centre and the likelihood of project progressing in light of the current situation with COVID-19, potential economic recession and demands on government funds.

10.2 Estates Annual Report

B Grace summarised the Estate Annual Report highlighting that the College's Carbon Footprint had reduced for the 10th year in a row – reducing by 54.6% in total. B Grace noted that £250k funding had been successfully secured for the outright purchase of 10 electric vehicles.

B Grace also noted the College success once again at the Green Gown Awards as well as the Lord Cullen Award for health and safety.

The additional carbon reduction benefits of Phase 1 & 2 of the Kingsway Tower project were noted.

A McCusker enquired about the expected start date of August 2020 for the work to be undertaken at the Michelin site along with the funding situation. G Ritchie confirmed that work had been undertaken to progress a memorandum of understanding, with initial plans likely to be minimal in terms of activity for August 2020. G Ritchie stated that an initial £40K was available to start small scale works with funding being sought for the major upgrade. It was confirmed that the memorandum of understanding did not include any financial commitment from the College.

A McCusker enquired about the progress of the Tay Cities Deal with G Ritchie and S Mill indicating the potential for the deal agreement to be signed in June 2020 with spend on projects commencing in early 2021 but that this could easily slip or be amended as a result of the current COVID-19 situation. It was confirmed that the Advanced Engineering works would be funded fully through the Tay Cities deal.

10.3 Estate Update

B Grace noted that the Estate Update paper provided the usual update on progress since the last Committee Meeting.

11. Contract Proposal for Capita to Deliver Unit-E for the next 5 Years

A Ross provided a brief summary of the proposal recommending approval to enter in to a 5 year contract for the student records and related systems through Capita.

After discussion on the various options and merits of each the Committee agreed to approve the proposal and related costs. **A Ross to progress.**

12. STRATEGIC RISK REGISTER & COVID-19 RISK REGISTER

S Taylor summarised the Strategic Risk Register and COVID-19 Risk Register noting that the COVID-19 Risk Register had been produced to monitor specific risks as a result of the pandemic. S Taylor noted that both Registers had been presented to the Chairs, Learning, Teaching Quality, Human Resources & Development, and Audit & Risk Committees

S Taylor highlighted Item 2.2, of the COVID-19 specific Register, as being Red, reflecting the discussion around the 2020/21 budget.

D Fordyce asked about the risk re National Pay Bargaining and S Taylor summarised the position in terms of national pay demands.

D Mackenzie enquired about Item 3.7 – Industrial Relations on the COVID-19 specific Register. S Taylor confirmed that relations with College unions were positive and noted that the College and unions had worked together very well around the furlough scheme for staff.

The Committee approved the updated Risk Register in respect of those risks under Finance & Property.

13. VP CORPORATE SERVICES REPORT

J Carnegie noted the VP Corporate Services Report was for information and for approval in relation to the award of the contract for payroll software.

J Carnegie highlighted the Financial Impact Post COVID-19 recovery report presented at the Chairs Committee and confirmed that this would be updated for the Board of Management meeting in June.

J Carnegie noted the great work being carried out by the Help Point & Administrative services, with recruitment a priority. It was noted that whilst applications were down, offers were at a similar level to the same time last year.

J Carnegie noted that the negotiations around the dilapidations costs associated with our exit from the Forfar Centre premises had been concluded, with the costs being higher than anticipated, but well below the demand made by the landlord. J Carnegie confirmed that the College had settled and was confident that this was the best deal.

J Carnegie and A Ross summarised the proposed approach for the *Payroll Software Contract* and noted that they were seeking approval to purchase the cloud-based Payroll software option (option 3). While the cost was higher under this option it was noted that it was felt that this was the most secure option and fitted well with the College's cloud based strategy for major systems.

The Committee discussed the costs and benefits of the various options and confirmed approval for option 3. **A Ross to progress.**

14. DATE OF NEXT MEETING

Tuesday 8 September 2020 at 5.00pm – venue to be confirmed.

Action Point Summary

Action	Responsibility	Date
Further iteration of the budget to be considered at Board meeting and next F&P meeting.	J Carnegie	9 June 2020 8 September 2020
Meeting on a monthly basis with S Mill to progress the 2020/21 Budget	J Carnegie	June 2020
Update paper to be prepared for the D&A Foundation on the College Estates Projects and funding request.	J Carnegie	9 June 2020
Approval for D&A Foundation bid to be sought from full Board, with advance opportunity for an online Q&A	J Carnegie	5 June 2020
ICT contracts to be progressed for Unit-e Student Records system and I-Trent Payroll system as per approved proposals.	A Ross	1 June 2020