

BOARD OF MANAGEMENT

Finance and Property Committee Meeting

Tuesday 7 December 2021



Approved

Minute of the Finance and Property Committee meeting held on Tuesday 7 December 2021 at 6.00pm via MS Teams

PRESENT: Steven Mill (Chair) D Fordyce
A McCusker D Mackenzie
S Hewitt B Carmichael
N Lowden S Stirling
K Ditcham

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

1. WELCOME

S Mill welcomed members to the meeting.

2. APOLOGIES

None

3. DECLARATIONS OF INTEREST

There were no declarations of interest.

4. MINUTES OF FINANCE AND PROPERTY COMMITTEE MEETING 20 SEPTEMBER 2021

The minute of the Finance and Property Committee meeting held on 20 September 2021 was approved as an accurate record.

5. MATTERS ARISING

All Matters Arising were closed off except:

- The programme of proposed "shovel ready" projects for future consideration by Finance & Property Committee was being taken forward by A Ross who was leading a group to capture information around appropriate projects that would be progressed to procurement, with no commitment to progress.
- The revised Finance Strategy was on course to be presented to the FPC in March 2022 along with the Estates Strategy in June 2022.

6. BUDGET MONITORING REPORT

S Mill highlighted the initial monitoring report for 2021/2022 covering the 3 months to October 2021 with an initial £215k budget surplus forecast now as a deficit of £854k. S Mill stated that this was c. £250k greater than the high-level forecast made when submitting the Financial Forecast Return in October.

B Ferguson summarised the monitoring report commentary and noted that the forecast position was adverse £1.1m against budget, but a significant factor was as a result of £826k known expenditure from 2020/21 that had had to be picked up in 2021/22 due to delays in receipt of goods.

B Ferguson stated that tuition fees had been reduced by £420K from budget. The decline in fee income was partly predicted when establishing the budget, however the loss of anticipated contracts in the Service Design Academy contributed to a reduction of £315k. It was noted that a contribution statement for SDA was included within the VP Corporate Services report.

It was noted that a reduction in fee income had been experienced by most colleges across the sector, balanced to a lesser extent by positive movement around work qualifications and apprenticeships.

B Ferguson noted that SFC had enhanced the baseline student funding allocations with further Covid-19 discretionary funding. As a result, there was no risk of a funding deficit and consequently the College had advised SFC that we would not require additional funding through the in-year redistribution exercise.

The Kingsway development was projected to cost £8.229m, with this falling within previously known forecast.

B Ferguson noted the challenge in achieving the overall credit target and the risk this posed in terms of then being able to tap into additional credits and funding. It was noted that a number of flexibilities had been agreed by SFC, but that a guarantee on no 'clawback' of funding was still being considered.

The Flexible Workforce Development Fund income forecast had also been reduced, by c£273k, mainly because of cancelled commitments as a result of COVID.

Potential risks around the expected value of pay awards were noted, and it was highlighted that the most recent offer to Academic Staff would exceed the budget forecast.

A McCusker thanked B Ferguson for the update and noted that the Board had a responsibility to return a balanced budget and asked what actions were proposed to get back to a balanced budget.

B Ferguson noted that SFC had raised no concerns in terms of individual college positions where it was known that the cash position remained favourable but noted that this could change once the Financial Statement has been submitted.

J Carnegie noted that as part of the FFR planning the College had highlighted the use of VSS and other steps to manage staffing levels. J Carnegie noted that there were also steps to look at discretionary spend and look to reductions where possible.

J Carnegie noted that there was less scope to reduce variable staffing costs due to the impact of transfer to permanency. J Carnegie noted that overall, the College was in a healthy position and that steps were being taken to bring the budget back to a balanced position, but that this was not likely to be in-year.

J Carnegie also noted that there remained significant volatility and that there was still a hope to reduce the current deficit and to have a reasonable outturn this year.

S Mill asked about the underlying position and the possibility that it could be a concern going forward highlighting why the medium-term financial strategy was important.

A McCusker noted that scenario planning would be helpful to inform some of the numbers that might impact on current and future decision making. A McCusker stated that she had hoped that this would already be available.

B Ferguson acknowledged this would form part of the Financial Strategy in March 2022.

S Taylor noted staffing costs were by far the single biggest element and advised that every post request was scrutinised prior to approval (or otherwise). S Taylor noted that the current scenario was that activity levels would return to previous levels as the COVID pandemic subsided and noted that this was the scenario being planned in terms of overall staffing numbers, which would inform in-year decisions.

S Hewitt noted the upcoming meeting with the SFC Outcome Agreement Team would discuss the national Transition training Fund and the money going local authorities for “no one left behind” along with recent funding given to SDS to allow them to offer courses in competition with colleges.

J Carnegie noted that an updated Business Plan for the Service Design Academy was to be available to the June Finance & Property Committee Meeting. **J Carnegie to progress.**

S Mill highlighted the payment still to be made to Santander for the College loan and J Carnegie & B Ferguson noted that they were pursuing this with Santander (who had not requested payment yet).

7. ESTATES & INFRASTRUCTURE

7.1 Estates Update

B Grace confirmed that the Kingsway Campus Project was progressing well. Progress on the removal of the existing lecture theatre roof slab had been slow (due to the removal method) and unfortunately asbestos had also been discovered. The ring beam was in the process of being removed and it was hoped that this would not delay the progress of the roof removal for too long. The replacement roof installation would commence as soon as possible, and significant delay was not anticipated.

A response from SFC in respect of any additional funds in 2021/2022 was still awaited.

Preparatory work for the advanced manufacturing facility in Arbroath was progressing well, with one part of the scheduled for completion early in the new year and money spent by 31 March 2022.

B Grace noted that mandatory reporting now showed a 70% reduction in carbon footprint since 2010 and highlighted the Scottish Public Services Awards submission shortlist for 8 December 2021.

B Grace confirmed that staff and students were using the new spaces at Kingsway Campus as we had hoped, and he was delighted with the reaction and how good the new areas look.

B Grace noted that the Climate Emergency Action Plan would be discussed at the board meeting and that there were plans for regular updates to be provided to the Board.

The update and paper were noted

7.2 ICT Cloud First Update

A Ross provided the Committee with the background to the Cloud First project based on recommendations from the cyber-attack.

A Ross noted that good progress had been made and summarised the key core business systems that had already been moved to the cloud.

A Ross noted that the network structure was the main thing that could not be moved to the Cloud and noted that this would need to be upgraded as it was reaching the end of life.

The financial implications and increased security arrangements associated with the cloud first approach, and changes in software purchase/vending arrangements were discussed.

The ICT Cloud First updated was noted.

8. 2022/2023 FEES POLICY

S Mill summarised the policy, noting the proposed standstill position of Fees for Session 2022/23. J Carnegie highlighted that D&A College fees were at the higher end of the spectrum. It was noted that a range of the fees chargeable were fixed by other organisations.

The 2022/2023 Fees Policy was approved.

9. PROCUREMENT

9.1 Annual Report

J Carnegie noted that due to the changeover in staff at APUC the annual report was not yet available. It was confirmed that this was being progressed by APUC and a request was made that this be circulated for approval by email to Committee members in advance of the 31 December 2021 submission date. This was agreed. **J Carnegie to progress**

9.2 Procurement Update

S Mill summarised the report noting retrospective approval was requested for non-competitive actions.

J Carnegie noted that in the main retrospective non-competitive approvals arose as a result of the need to procure quickly or in situations where there was a sole supplier.

J Carnegie noted that Energy Skills Partnership (ESP) purchases and planning sits separately from the College but will bring more from ESP moving forward as these are purchases in D&A Colleges name.

The Finance & Property Committee considered the requests and were happy to approve.

10. TAY CITIES ENGINEERING PARTNERSHIP PROJECT

J Carnegie highlighted that procurement surrounding the TCEP development was complex and that the link with a potential to lose funding within the current financial year had prompted the request for approval.

J Carnegie highlighted that preparatory works for the revised facility had been undertaken but that the external cladding was now required to be completed before the end of the current fiscal year. It was noted that this would not be possible through the usual procurement route and so a non-competitive award was proposed.

It was confirmed that the overall value of the award, c£55k, was relatively low.

S Mill noted that he felt that the overall risk of challenge was low (given the project value and the limited number of suppliers in the market) but noted that there were challenges around timescales etc. This was recognised.

A McCusker enquired about the number of risks that were confirmed as:

- challenge is not for the works but the profit that someone would lose for not receiving the works.
- challenge that the TCD income might be reprofiled /lost if the work was not completed within the current fiscal year.
- Risk that the space would not be available to support the launch of the wider TCEP project.

S Mill said he would be happy to approve if it is a legal compliant procurement route and recognised the risk. This was agreed by the Committee and the request would be put to the Board for approval.

J Carnegie highlighted the wider challenge around procurement for equipment within the TCEP project as this included a significant element of donated equipment. This was being progressed in discussion with the Tay Cities Board and APUC but remained a project risk.

11. STRATEGIC RISK REGISTER UPDATE

The Strategic and COVID-19 Risk Registers were reviewed, with no changes noted.

The report was approved.

12. VP CORPORATE SERVICES REPORT

J Carnegie noted the paper for information.

J Carnegie confirmed that recruitment was an issue across the board but that decline in horticulture, computing and business were particular concerns and that even in areas such as care (which usually recruited very strongly) numbers were down. It was noted that the College was still activity recruiting for January and had relaunched the school leaver guarantee pledge.

13. **DATE OF NEXT MEETING** - Tuesday 1 March 2022, 5:00pm via Teams

Action Point Summary

Action	Responsibility	Date
Updated Service Design Business plan to be developed.	J Carnegie	31 May 2022
Procurement Annual report to be completed and approved via e-mail	J Carnegie	31 December 2021