BOARD OF MANAGEMENT

Finance & Property Committee

Tuesday 1 March 2022 at 5.00pm
Microsoft Teams Meeting

APPROVED

Minute of the Finance and Property Committee meeting held on Tuesday 1 March at 5.00pm vis MS Teams

PRESENT:	S Mill (Chair) A McCusker S Hewitt	D Fordyce D Mackenzie S Stirling
IN ATTENDANCE:	G Robertson (Chair Audit & Risk Committee) J Grace (Vice Principal) J Carnegie (Vice Principal) S Taylor (Vice Principal) B Grace (Head of Estates)	 T D'All (Principal's/Board Chair PA) B Ferguson (Head of Finance) A Ross (Head of ICT)

1. WELCOME

D Fordyce welcomed everyone to the meeting, noting that she was chairing in her role as Committee Vice Chair.

2. APOLOGIES

Apologies were received from B Carmichael, N Lowden, and K Ditcham.

3. DECLARATIONS OF INTEREST

There were no declarations of interest.

4. MINUTES OF PREVIOUS MEETING

The minute of the Finance and Property Committee meeting held on 7 December 2021 was approved as an accurate record.

5. MATTERS ARISING

J Carnegie confirmed all Matters Arising were closed off except:

- Services Design Academy Business Plan will come to the May 2022 Finance & Property Committee.
- Programme of proposed "shovel ready" projects were being prepare but would depend on funding.
- MSIP Launch was delayed until August 2022.
- Following a recent visit to the new Forth Valley College campus, options were being reconsidered for the Kingsway STEM Centre.

6. FINANCE

6.1 Budget Monitoring Report and Update

B Ferguson noted Q2 Forecast was improved, with the deficit of £810K an improvement of £44K from the previous forecast and an operational improvement of £171K before allowing for Voluntary Severance Scheme (VSS) provision of £127K to secure savings for 2022/23.

Management was conscious of the need to pursue all possible means of improving upon the forecast presented, particularly given the heightened risks around credits and the lower levels of funding that SFC were signalling for 2022/23. B Ferguson noted that any potential clawback would impact substantially and highlighted the ongoing lobbying of SFC.

B Ferguson noted non-pay costs were forecast to reduce by £529K this quarter, with the removal of DYW and Erasmus contributing £277K in addition to specific reductions identified during a savings exercise, offset to some extent by some additional costs. It was confirmed that the savings identified would not result in spend being reprofiled into 2022/23.

The increase in marketing expenditures, adding £70K to forecast, were noted in order to finance the recruitment campaigns for both this year's January intake and for next academic year.

ICT had given up the majority of the identified savings, with a net reduction off almost £200K + VAT. This was partly made possible by the continued supply chain issues already threatening deliveries by 31 July and a smoothing out of the replacement cycle.

B Ferguson noted that the Pay Award, which was already above the level budgeted for, had been rejected a statutory ballot for action likely.

S Hewitt intimated that the position of the College Sector and D&A College should be clearer towards the end of March on flexibilities around credits and 2022/23 funding.

6.2 Financial Strategy Update

S Hewitt noted that the first iteration of the Draft Financial Strategy was presented to the Finance & Property Committee in September 2021. This paper updated the initial strategy presented and, within the appendices, encompasses assumptions, actions, and a high-level worst-case scenario (without mitigation).

S Hewitt stated that the projected funding settlement for 2022/23 could be the biggest challenge faced by the College, with an initial forecast of:

- flat cash and loss of COVID funding = real term cut c.£2.2M
- inflation costs adding to this
- potential industrial action by Academic & Support staff
- Transfer to Permanency impacts on staffing flexibility
- potential Funding Clawback from SFC
- decline in recruitment
- increase in student support needs
- a staff base that is tired – gone through some many difficulties over the last few years

S Hewitt noted the need to remind SFC on the "flexibilities" written by the College and the need to review the Funding Model. The College was also awaiting confirmations around Foundation Apprenticeships (FA) and Young Person's Guarantee / Flexible Workforce Development Fund (FWDF) although these were all short-term fixes.

J Carnegie highlighted the recommendations included in the paper, which would be considered at the end of the discussion.

S Hewitt noted that D&A College's Curriculum was the key element and with a full team now in place we were in a position to move forward with the Curriculum Review.

J Grace highlighted the College's curriculum in relation to the Finance & Property Committee noting that a full review of the curriculum was being undertaken. This had not been done since 2017/18. The intention was to look at the whole portfolio on offer with the exercise being completed by the end of May 2022. This would include looking at opportunities for the region and involve stakeholders. The review would also identify areas in decline as well as new developments. Some areas were stable, but curriculum would need to be reviewed to maintain relevance and take advantage of new opportunities.

J Grace noted work that was ongoing to ensure efficiency of delivery across the College e.g., weekly contract, class sizes, focus on retention and credit generation.

J Grace noted the decline in Higher Education (HE) fees and the renewed focus on articulation routes to support HE numbers through longer term engagement with stakeholder.

In-year action was being taken as and when required, due to demand. As a part of this, J Grace confirmed the decision to not renew the lease on Forfar Centre.

J Grace confirmed the focus was also on "non-core" activity and maximising contracts with managing agents and maximisation of MA and FA activities and milestones.

J Grace highlighted that the College did not yet know what the 2022/23 credit target would be so there were challenges when requiring to make changes to the curriculum.

J Grace noted that Local Authorities had provided some information on why the numbers of school pupils applying to college had declined. The information was giving greater depth of understanding to what this meant for our engagement with schools.

S Hewitt stated that a national campaign by Colleges Development Network (CDN) was planned to help to improve awareness of the sector and uptake of places.

S Mill, reflecting on the figures presented in the appendixes, noted that the worst-case scenario could in fact be worse given the position in respect of national bargaining and noted that a 7% to 11% reduction in funding required a fundamental shift in delivery – cost cutting.

S Hewitt agreed with S Mill's point and noted concern that the fundamentals of the funding methodology were broken and noted that something more significant needed to happen at a national level.

A McCusker asked what lobbying the Team required for herself and S Hewitt to undertake?

S Hewitt confirmed that the College was pursuing other sources of income and grants from trusts as well as partnerships, however, difficult decisions around a tight budget line will need to be considered.

S Hewitt noted that SFC had asked the sector about solutions and what were the changes and flexibilities needed. D&A had been clear around the current ask and S Hewitt stated that we also needed to be looking at longer term flexibilities and that the discussions needed to also move on to future years – short/medium/long term.

S Taylor highlighted the need to review support activities and inputs to deliver a sustainable financial position and summarised the key needs around workforce planning.
S Taylor stated that there were some signs of shift since the paper was prepared with further

changes anticipated before SFC comes back with the indicative allocation and credit targets. It was noted that when previous cuts had been experienced, SFC also reduced the credit targets for colleges, but had targeted specific areas of activity. Once we had some clarity around the indicative funding and credit targets, that would allow curriculum planning to be finalised and the knock-on impact on support needs to be determined. Overall student numbers would also have an impact on the volume of services offered. It was anticipated that the potential removal of funding around additional support (mental health) would have an impact, but that this was a challenge given the significant increase in needs being experienced.

S Taylor noted that timescales and key steps were known in terms of reacting to the funding settlement and that these would progress in consultation with unions and staff once the indicative allocations, and any related conditions and credit impacts were known (in late March).

S Hewitt noted that the Financial Strategy was not all about taking out. It was also an opportunity to step back to look at what needed to be prioritised and invested in - balancing priorities / de-priorities. It was also an opportunity to look forward a number of years and what type of College we want to become.

J Carnegie noted that initial discussions around potential next steps / phases had been limited to the Senior Leadership Team and progressing these would need to be well managed and handled sensitively. It was noted that information had been provided to staff

Given that the appendix summarised a range of speculative worst-case assumptions based on information that was (as yet) unknown it was agreed that the appendix was not suitable for publishing at this point in time. It was confirmed that known scenario would be available once actual credit targets and funding was announced by SFC.

The Committee reviewed and agreed the recommendations highlighted in the Financial Strategy Update.

7. ESTATES UPDATE

B Grace highlighted progress on the Kingsway Campus Project noting the Hair, Beauty & Complimentary Therapy facility was to be handed over by Robertson Construction on 8 April 2022 (on-time). Equipment to kit out the new facility was starting to be delivered and work was progressing well.

B Grace confirmed plans for renovation of the Kingsway Campus Lecture Theatre were also progressing.

B Grace noted the Tay Cities Deal (TCD) Advanced Manufacture Project was on time and coming together – great transformation and looks fantastic.

B Grace also noted the awards success with the Holyrood Scottish Public Service Award for Sustainability.

S Mill congratulated the Team on the award and asked if the Committee members could be given a tour of the new Hair, Beauty & Complimentary Therapy facility. B Grace noted that this was possible, and he would arrange a suitable time. **B Grace to progress.**

J Grace noted that plans were also being progressed for formal openings of the new TCD Advance Manufacturing facility and the new Hair, Beauty & Complimentary facilities. Details would be confirmed in due course.

8. PROCUREMENT UPDATE

B Ferguson explained the Procurement Update highlighting section B requiring approval, included a list of contracts (Advanced Manufacturing & Engineering facility Equipment and Insurance) where the aggregated spend over the contract term is likely to exceed £100K (inclusive of non-recoverable VAT) including call-off contracts under Framework Agreements let by other authorities, such as APUC, Scottish Procurement and Crown Commercial Services.

B Ferguson noted challenges around insurance procurement as it was likely that only 2 organisations, out of a possible 5, would provide quotations. Discussion took place around the various options available, and the Committee gave approval to investigate and benchmark other insurance options. **B Ferguson to progress.**

B Ferguson noted the non-competitive actions, that required both SFC and Board approval, in respect of Energy Skills Partnership purchases where suppliers were limited due to the unusual cutting-edge technologies used. These requests were agreed for progression to the board for approval. **J Carnegie to progress.**

Arrangements around approval for non-competitive actions of this type were discussed and it was suggested that (up to a specific threshold) these could be managed under delegated authority through the VP Corporate Services and Finance and Property Committee without referral on to the full Board. It was noted that this would require an update to the Financial Regulations and it was agreed that this be considered for approval by the Board **J Carnegie to progress.**

Arrangements for the embedding of climate emergency good practice within procurement were discussed and J Carnegie highlighted that the Scottish Government had advised that changes to procurement legislation would support this.

The recommendations in the Procurement Update were approved by the Committee.

9. CLIMATE EMERGENCY ACTION PLAN UPDATE

B Grace highlighted the newly launched Climate Emergency Action Plan noting that regular updates would be brought to the Committee. The action plan, and progress being made were noted.

10. VP CORPORATE SERVICES REPORT

J Carnegie noted the VP Corporate Services Report was for information.

11. COVID-19 UPDATE

B Grace noted that the College was moving into a different phase and provided a brief update that reflected the new Scottish Government strategy of low, medium, & high risk. Face coverings would no longer be required from 21 March, and the College would transition into the new arrangements between 21 March and the return from the Easter holidays (18 April 2022). The College would maintain enhanced cleaning and maintain hand sanitisers along with promoting good hand and respiratory hygiene. Continued CO2 air monitoring would also take place, with details shared with staff.

B Grace noted work being progressed to support hybrid working and staff returning to campus. This included returning communal facilities back to their normal layouts and getting existing workrooms ready (ensuring chair and monitors etc are in place) as well as creating 3 new shared working areas / hot desking – one for each campus.

A Ross updated the Committee on the 248 long term loan of laptops and Chromebooks along with the 276 from the Lapsafe lockers on campus. Connecting Scotland had provided c.400

devices and broadband connections and SFC had released another £234,000 of digital poverty funds. The College was looking at how best to use this funding.

A Ross noted that supply issues continued to be a problem but noted that HP were addressing this for colleges and universities.

The update, and continued work to support students and staff was welcomed.

12. STRATEGIC RISK & COVID REGISTER (Extracts for FPC)

S Taylor intimated there was changes proposed to the Finance and Property risk measures.

S Taylor noted that discussions had been held around the Institutional Sustainability Risk, with no change made at the current time but this would be kept under close review as indicative funding and any resulting plans progressed.

This approach was agreed.

13. AOCB

A McCusker noted that while S Mill does not leave the Board until the end of the Academic Year this was the last Finance & Property Committee he would be attending. A McCusker thanked S Mill for all his hard work over the last number of years.

14. DATE OF NEXT MEETING – Tuesday 31 May 2022, 5.00pm, via MS Teams

Action Point Summary

Action	Responsibility	Date
Tour of the new Hair, Beauty & Complimentary Therapy facilities to be arranged for FPC/BOM	B Grace	21 June 2022
Insurance procurement options to be reviewed	B Ferguson	31 May 2022
Progress non-competitive awards for approval to Board	J Carnegie	15 March 2022
Update to Financial Regulations on non-competitive award arrangements to be proposed to the Board for approval	J Carnegie	15 March 2022