

BOARD OF MANAGEMENT

Finance & Property Committee

Tuesday 31 May 2022 at 5.00pm
Microsoft Teams Meeting



Draft confirmed by Chair

Minute of the Finance and Property Committee meeting held on Tuesday 31 May at 5.00pm
vis MS Teams

PRESENT:

D Fordyce	S Stirling
A McCusker	B Lawrie
S Hewitt	R McLellan
B Carmichael	

IN ATTENDANCE:

J Grace (Vice Principal)	T D'All (Principal's/Board Chair PA)
J Carnegie (Vice Principal)	B Ferguson (Head of Finance)
S Taylor (Vice Principal)	B Sinclair (for Item 12.2)

1. WELCOME

D Fordyce welcomed everyone to the meeting and welcomed R McLellan and B Lawrie to their first Finance & Property meeting.

2. APOLOGIES

Apologies were received from S Mill, G Robertson, D Mackenzie, B Grace, and A Ross,

3. DECLARATIONS OF INTEREST OR CONNECTION

There were no declarations of interest or connections.

4. MINUTES OF PREVIOUS MEETING

The minute of the Finance and Property Committee meeting held on 1 March 2022 was approved as an accurate record.

5. MATTERS ARISING

J Carnegie confirmed that all outstanding Matters Arising were updated.

The official Opening for the Hair & Beauty Therapy facility to be finalise and expected to take place in August 2022 with an invitation extended to the Dundee & Angus Foundation.

6. FINANCE

6.1 Month 9 – Management Accounts & Forecast

B Ferguson stated that the paper was for noting and (for the benefit of the new Committee member) highlighted that the 2021/22 budget had been approved when the continued impact of COVID-19 was unclear. Whilst subsequent forecasts have gradually been able to introduce more clarity, the pandemic effects had continued to be felt when preparing the last forecast presented to the Committee in January. That forecast predicted a deficit of £810K after absorbing increased expenditure of approximately £826K planned for the previous year but which had crossed into the current year due to supply chain delays.

B Ferguson noted that the recent forecast had reflected an improved financial position following a concerted effort to secure savings, partly offset by the introduction of voluntary severance costs to reduce our cost base in 2022/23.

B Ferguson noted the improved position with a Cash-backed deficit of £740K forecast, an improvement of £70K upon the previous forecast and an operational improvement of £165K before allowing for an increased VSS provision now standing at £222K. The current savings consultation exercise is expected to significantly increase the cost of VSS in the current year.

Discussion took place around the likelihood of a 3-year funding model but noted that this was not forthcoming currently. A McCusker and S Hewitt noted they had several meetings with SFC and the Scottish Government around “flexibilities” of non-delivery of Credit Target but that current adjustments don’t go far enough to address the level of future funding and cuts anticipated.

The improved in-year financial position was noted and A McCusker congratulated the Team on getting to this point.

6.2 Interim Budget 2022/23

S Hewitt set the context of the Interim Budget 2022/23 noting D&A College was lobbying nationally about future funding and the negative impact of the cuts being experienced. The Savings Proposal had received some interest from Scottish Government, SFC and regional stakeholders.

S Hewitt stated that he and A McCusker had discussed the opportunity of funding for voluntary severance with SFC and it was confirmed that this was very unlikely.

S Hewitt noted possible changes proposed regarding the Funding Model, but this does not help the 2022/23 budget at this point. SFC was also asked about assistance in paying the Gardyne Loan of £470k per year, but this was unlikely.

J Carnegie stated that, at this time, a final draft Budget would ordinarily be presented to the Finance & Property Committee for consideration in advance of submission to the Board for formal approval. However, further work was required to produce an acceptable budget and consequently the paper brings to the Committee's attention an interim budget for the year to 31 July 2023 with the intention of presenting a draft budget to the September 2022. This would allow final consultation and development of the savings plans that were being discussed.

B Ferguson noted the Interim Budget 2022/23 presented a Cash- backed deficit of £2,858K.

B Ferguson noted the legacy of COVID was still being felt and was highlighted in the assumptions.

B Ferguson highlighted the Final Funding Allocation from SFC was as predicted with a slight Credit decrease with tuition fees falling £71K to just under £3.2m. B Ferguson noted various previous funded elements had been removed for 2022/23 including: loss of Deferred students and Mental Health funding; a reduction in Digital funding; a reduction in FWDF etc.

B Ferguson noted that the interim budget showed total cash income of £42.8m, some £1.5m lower than the current forecast for 2021/22.

B Ferguson confirmed that commercial income will be updated within "Core Income" e.g., work-based activity.

J Carnegie explained the process of the Financial Savings Plan highlighting the uncertainties during this consultation process.

J Carnegie acknowledged that it was unlikely that a balanced budget would be achieved but noted the SFC requirement that the budget was "sustainable" and "financially viable" with work progressing towards a balanced budget.

J Carnegie noted the Financial Strategy Phase 2 & Phase 3 (August 2022 – Feb 2023) to bring the College back into Financial Sustainability for 2023/24.

A McCusker highlighted that there was an important piece of work with SFC and Scottish Government to make them understand the situation for the sector and D&A College at the current time.

S Hewitt noted the Colleges were at the beginning of the process and that a lot might change in the coming months. Our aim is to get as close to breakeven but will depend on how plans and national policies developed.

The interim budget arrangements and related steps were approved. **J Carnegie to progress.**

6.3 Financial Strategy - Sustainability Planning

J Carnegie noted the forecast Interim Budget deficit of £2,878 with opportunities to make more savings or generate income. The Future Opportunities and Challenges outcomes within the Committee paper were also highlighted with these actions anticipated to deliver a revised Interim Budget with a cash-backed deficit of around £805K.

J Carnegie highlighted the planned staff savings but noted that these also had a direct impact of c £1m in VS payments which would substantially reduce the cash balance.

J Carnegie noted that projects such as MSIP and TCD were very positive and would bring in significant sums, but this income would need to be spent on the project activities and equipment with a relatively small contribution to the College.

J Carnegie noted that it was proposed that some future investments (such as the ICT Network replacement) be separated out and a funding approach for this made to the Dundee & Angus Foundation. Following discussion, it was agreed that a Foundation bid be drafted for approval by the Board of Management. **J Carnegie to progress.**

Plans were also developing to sell the vacant outreach facilities in Montrose and Kirriemuir owned by the College. The College may require SFC approval to retain any proceeds from the sale of assets. It was confirmed that the properties were likely to be valued at less than £500k. A McCusker acknowledged that further conversations with SFC were required around the sale of the assets and any restriction around the proceeds from these.

R McLellan asked about the timing and link between the savings plans and the interim budget. J Carnegie noted that the College was working through the consultation process considering ideas put forward by staff. Given this I was currently too early to carry anticipated savings into the budget.

7. INFRASTRUCTURE

7.1 Estates Update

J Carnegie noted the proposals and stated that the Estates team have been working closely with the curriculum teams to development best use of the Capital Backlog Maintenance Grant money.

J Carnegie highlighted that the Capital Backlog Maintenance Grant funding had some flexibilities which would be used to support financial sustainability where appropriate.

7.2 Estates Annual Report

A McCusker and B Lawrie noted the Estates update and congratulated the team on a really good and informative paper. A McCusker also praise the updated accommodation at Kingsway Campus along with the completed Hair & Beauty Therapy facility. The Estates Annual Report was noted for information.

7.3 Infrastructure Strategy Outline

J Carnegie summarised the paper outlining development of the revised strategy and noted that the change in emphasis (to infrastructure not just estates) had been recommended from audit.

The paper was welcomed, and A McCusker noted that there was likely to be an on-going demand for more partnership working, which should be reflected with the document e.g., buildings (co-estates) and shared building maintenance.

8. PROCUREMENT

8.1 Procurement Update

B Ferguson summarised the update and explained the requirement for retrospective approval for a non-competitive action for continuation of arrangements with a supplier (a single supplier and a unique purchase) by the Energy Skills Project (ESP). Concern was expressed around the need for this approval, and it was confirmed that ESP Management were taking steps to better their processes.

S Hewitt noted that the ESP Board Meeting was the following week, and he would ensure that the ESP Board had better oversight to safeguard this type of purchasing in future.

B Ferguson noted the Insurance contract increase to £400K (over a 2-year period) from U.M. Association Ltd. (UMAL) Limited. B Ferguson noted following engagement activities with the suppliers on the APUC Framework, it has been recognised that only one of three suppliers was able to provide Dundee & Angus College with a quote for Cyber insurance.

B Ferguson noted the Robotics Labs at MSIP, as previously reported to the Committee, with this equipment is being funded to a maximum value of £100,000 by The Mathew Trust and ready for open tender.

B Ferguson noted that an Options Appraisal for the Network Replacement was prepared for consideration by the Committee and included on the agenda.

B Ferguson noted a quick quote to spend £50K of the Seagreen fund.

The procurement update was noted, and the requested non-competitive action approved, **B Ferguson to progress.**

8.2 Network Replacement Options Appraisal

J Carnegie noted that the Network Replacement Options Appraisal formed part of the requirement / investment to upgrade as part of the cyber security piece and was the last piece of the jigsaw. The recommendation was to consider the upgrade based on the options presented over 3 years period.

J Carnegie intimated that if the proposed business case for funding from the Dundee & Angus Foundation was not forthcoming the Network Replacement project would still have to be undertaken.

B Sinclair confirmed that there would be a small risk over 3-years (rather than year) but there would also be some reduced risk as old equipment would be retained to use as spares for any faults arising in the remaining older part of the system.

J Carnegie noted that the main security risk would be internal but noted that this was not currently the main cyber threat. It was noted that we have, and would maintain, good external network firewalls.

The Committee gave approval to prepare a business case to the Dundee & Angus Foundation for the full amount and approved the 3-year recommendation in the paper.

9. REVIEW OF GARDYNE THEATRE LIMITED (GTL)

J Carnegie updated Committee with some background to the review of Gardyne Theatre Limited, highlighting that this included a lot of detail on the background to the current arrangements.

J Carnegie highlighted the recommendation was to continue with GTL holding the licence to operate in the Theatre until December 2023. Giving GTL the opportunity to develop post-pandemic and become as profitable as it could.

J Carnegie confirmed that, as a standalone entity, any surplus that GTL generated was retained by GTL but that a licence fee and service level charges would be payable to the College.

J Carnegie noted the Theatre facility itself was on the College balance sheet and was up to the College to decide on the physical condition of the theatre as a usable space and any future need for upgrading of the facility. It was noted that it was hoped that the College would be able to attract funding to upgrade all the lighting on all campuses with LED lighting, with this including the theatre facility.

The Committee Approved Option 5 of the proposal. **J Carnegie to progress.**

J Carnegie noted that the paper would also go to the GTL Board and to the full D&A College Board in June.

10. COVID-19 UPDATE

J Carnegie confirmed that the key COVID Mitigations remaining in place currently were the CO2 monitor and hand sanitisers.

S Hewitt noted that the College was still dealing with mental health issues and the broader fallout from COVID including higher student withdrawals this year, which was impacting on the overall credit target outturn.

B Ferguson noted the Finance Team were continuing to digitise forms and processes as quickly as possible with benefits for the overall service.

11. STRATEGIC RISK & COVID REGISTER

S Taylor highlighted the key change within the strategic institutional sustainability risk and noted that this would be reported to the Audit & Risk Committee advising of the situation, giving context, and highlighting the steps being taken to manage the financial situation and minimise the risk.

The Committee noted the paper.

12. VP CORPORATE SERVICES REPORT

J Carnegie stated that her report was for noting but highlighted the positive support that was being provided for our Learners with the Help Point service is now available on "What's App". J Carnegie noted that applicants and students were finding this an easy tool to use to communicate and engage with the College.

J Carnegie also noted the processing and student registrations for over 2,400 S3 pupils attending our S 3 tasters and over 1,900 new Senior Phase pupils.

J Carnegie highlighted several projects undertaken by Service Design Academy (SDA) including the Services Design Strategy Event for Board Members. SDA had good engagement and partnerships which was starting to pay off.

A McCusker noted she was delighted to see the programmes for unemployed people were coming to fruition - innovative and creative.

13. DATE OF NEXT MEETING – Tuesday 6 September 2022 at 5.00pm - ONSITE

Action Point Summary

Action	Responsibility	Date
Interim Budget 2022/23 to be prepared for the Board of Management	J Carnegie	27 September 2022
Dundee & Angus Foundation Business Case proposal to be developed for Board approval	J Carnegie	27 September 2022
Non competitive award notification to be progressed to SFC	B Ferguson	30 June 2022
Gardyne theatre limited option to be progressed	J Carnegie	21 June 2022