**BOARD OF MANAGEMENT**

**Finance & Property Committee**

Tuesday 30 May 2023 at 5.00pm in Room A625 Kingsway

Campus and on Microsoft Teams

***Draft confirmed by Chair***

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| **PRESENT:** | R McLellan (Vice Chair) | S Hewitt |
|  | L O’Donnell | S Stirling |
|  | B Lawrie | D Smith |

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| **IN ATTENDANCE:** | J Grace (Vice Principal) | A Ross (Head of IT) |
|  | S Taylor (Vice Principal) | B Ferguson (Head of Finance) |
|  | B Grace (Head of Estates) |  |

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|  | **WELCOME**  R McLellan welcomed everyone to the meeting and welcomed D Smith to his first Finance & Property meeting. |
|  | **APOLOGIES**  Apologies were received from D Fordyce, D Mackenzie, C Cusick, J Carnegie and P Muir |
|  | **DECLARATIONS OF INTEREST OR CONNECTION**  No declarations were noted. |
|  | **MINUTES OF PREVIOUS MEETING**  The minute of the Finance and Property Committee meeting held on 28 February 2023 was approved as an accurate record. |
|  | **MATTERS ARISING**  S Taylor confirmed that all matters arising had been progressed and closed. |
|  | **FINANCE**   * 1. **Financial Sustainability**   S Hewitt summarised the financial sustainability paper circulated to the Board and noted the extensive feedback received through staff consultation (over 190 responses).  Work and discussions had progressed significantly in terms of the savings needed, with the total achieved sitting at £2.1 million relative to the £2.5 million target through a combination of savings and additional income.  S Hewitt noted that engagement with the unions was positive, with good working to support staff through a difficult situation and to challenge and support developments and approaches. S Hewitt noted that it was not yet possible to remove any threat of compulsory redundancy, but that this remained the aim of both the College and unions and that this would be done as early as possible.  S Hewitt stated that a follow up paper was in final draft stage, summarising the progress made and outlining the remaining elements for consultation. It was confirmed that the longer-term reviews and strategic direction from the government were still awaited but should be published over the coming weeks.  R McLellan asked how the savings plan and actions had impacted on staff morale. S Hewitt noted that it had had an obvious impact and many staff were either angry or sad at the overall situation. S Stirling stated that many staff were annoyed at the situation, not specifically at the College and that the news heard from other colleges had put some of this into context. D Smith stated that staff were finding it difficult, but that the College and unions were working well together to consult and do the best possible in the circumstances.  S Stirling noted that staff were much more aware of the financial situation and requirements after the 2022 savings, and better understood terms like flat cash and the distinctions between capital and revenue funds and how they could be used.  B Lawrie noted that although difficult, the paper and progress made did have a positive feel and that it was good no note that significant progress was being made.  B Lawrie noted the importance of focusing on the cash effects of the savings plan and the need for cash balances to be closely managed. S Hewitt noted that this was part of the overall plan.  The overall size of the College following the proposed savings was discussed.  The paper and update was welcomed and S Hewitt advised that he would share the follow up paper with the Board when available. |
| * 1. **Management Accounts & Forecast Outturn**   B Ferguson summarised the papers produced and stated that the underlying forecast position was looking better now than at the previous meeting. The underlying performance had improved, with the forecast out-turn then impacted by the projected pay increase costs and the costs of voluntary severance. B Ferguson confirmed that these costs were planned to appear in 2022/23 in line with previous reporting and audit practice  B Ferguson noted the potential risks, including the risk around clawback of grant from the Scottish Funding Council (SFC).  The key area of variation from the previous forecast were discussed, alongside the reduction in cash balances to c24 days. |
| * 1. **2023/2024 Draft Budget**   B Ferguson introduced the draft budget, highlighting that this was for approval by Finance and Property before going for final approval to the June meeting of the Board.  B Ferguson stated that the draft budget was for a minimal deficit of £15k but assumed that the savings plan target of £2.5 million would be achieved and that pay settlements were in line with current forecasts.  B Ferguson stated that whilst this was a good position to have reached, the budget did not provide sufficient cover for the Gardyne loan and included some one-off elements that were not sustainable.  Assumptions around the ability to subsume inflation on non-pay elements by reducing purchases were noted, as was the potential contribution from alternative funding sources. The impact of reducing HE recruitment on HE fees was highlighted.  B Ferguson stated that net capital expenditures would match capital funds and concluded that the position presented was as good as possible at this stage.  B Lawrie noted an issue with page 64 in the document pack and it was confirmed that this would be rectified for the board meeting. **S Taylor to progress.**  B Lawrie welcomed the budget and noted that the cash position showed the benefit of previous savings actions and that this gave a level of comfort around the management of finances and budget approaches.  Following further discussion the draft budget was approved for submission to the Board of management. **B Ferguson to progress.** |
|  | * 1. **Financial Forecast Return**   B Ferguson stated that he had hoped to give an initial update on progress and/or issues relating to the development of the FFR for end June 2023 but the expected guidance on requirements and underlying assumptions had not yet been published by SFC. A further update would be provided to the Board meeting. |
|  | **INFRASTRUCTURE**   * 1. **Estates Update**   B Grace summarised his paper, noting the progress made on capital projects over the past few years and the movement onto a new infrastructure strategy and plan for future years. Estates developments on the Kingsway campus were particularly noted.  B Grace summarised the projects planned for the forthcoming year, with much of this work scheduled for completion over the summer. Plans and external funding to replace lighting in the Gardyne campus with energy efficient LEDs were welcomed.  B Grace noted that the timing of work to replace the windows in the Isla building in Arbroath could be amended to allow a potential funding bid for this work to be progressed. B Grace noted that he was hopeful that a bid of this type would be successful.  Discussions around a shared heating system at Kingsway were also noted and L O’Donnell welcomed the proposals to tap into other funding sources.   * 1. **Estates Annual Report**   B Grace summarised the annual report, highlighting the change in reporting on carbon usage to include scope 3 emissions. These were generally outwith College control and had resulted in a rebasing of carbon reduction targets.  Regulations around the ability to carry forward capital funds were discussed and B Ferguson noted that this was not generally permitted but was accepted practice where there were clear plans in place for the use of such funds.  The Update and annual report were noted.   * 1. **ICT Update**   A Ross summarised his update highlighting progress and timescales around the network replacement project that had now commenced. It was noted that most replacement work would be undertaken out of hours to avoid disruption to users.  A Ross summarised the proposed replacement of student information systems, highlighting that this would bring these systems into the ‘cloud first’ strategy and create better and more streamlined integration between different elements of the student journey whilst also delivering longer-term savings on licence costs.  The proposed transfer from multiple suppliers to a single supplier and integrated system was discussed and the route to procurement noted.  L O’Donnell asked about assurances regarding the pace of systems development and the options for break out of the contract should these not be met. A Ross confirmed that there were not specific milestones around these, but that the contract arrangements through APUC incorporated significant penalty and break out options.  The potential for a future ‘single supplier’ approach within the sector was discussed.  The proposed replacement arrangements were endorsed and it was noted that formal approval would be considered within the procurement report. |
|  | **PROCUREMENT**  B Ferguson provided an update on procurement, confirming recent awards made and highlighting awards requiring Committee approval.  B Ferguson noted that there could be a requirement to seek non-competitive award approval arising from funding received by the Energy Skills Partnership. If required it was agreed that these could be circulated for consideration and approval by e-mail to the Committee. A similar requirement may be needed from the Board prior to seeking authority from SFC. This was agreed **B Ferguson to progress.**  The procurement of a new integrated student information system was approved. **A Ross to progress.**  B Ferguson noted that the tender exercise for replacement of the swimming pool roof had come in lower than the initial estimate. This was welcomed by the Committee. |
|  | **STRATEGIC RISK REGISTER**  S Taylor summarised the risk register paper and focus on the financial security risk. The wider Risk Register was noted, with this being discussed at the next Audit & Risk Committee meeting.  The paper was approved. |
|  | **CORPORATE SERVICES REPORT**  S Taylor summarised the report and noted the excellent work being undertaken by teams across the College.  B Ferguson highlighted the proposal to exempt Gardyne Theatre Limited (GTL) from separate audit and remove GTL from consolidation. B Ferguson noted that this move had been considered by the GTL Board and would require formal approval from the D&A Board as well as agreement from the College auditors (who were comfortable with the approach). A paper outlining these steps would be considered by the Audit & Risk Committee.  The Corporate Services report was noted. |
|  | **DATE OF NEXT MEETING** – Tuesday 5 September 2023 at 5.00pm – Room A625 Kingsway Campus plus hybrid on Teams |

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| **Action Point Summary** |  |  |
| **Action** | **Responsibility** | **Date** |
| Correction to budget papers | S Taylor | 20 June 2023 |
| Draft budget to be presented to the Board for approval | B Ferguson | 20 June 2023 |
| ESP procurement requests to be considered for approval by e-mail to Committee members if necessary. | B Ferguson | 5 Sept 2023 |
| New Student Information Systems procurement to be progressed. | A Ross | 5 Sept 2023 |