**BOARD OF MANAGEMENT**

**Finance & Property Committee**

Tuesday 28 February 2023 at 5.00pm

Microsoft Teams

***Draft confirmed by Chair***

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| **PRESENT:** | D Fordyce (Chair) | S Stirling |
|  | G Robertson | B Lawrie |
|  | L O’Donnell | R McLellan |
|  | S Hewitt | J Buchanan |
|  | B Carmichael |  |

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

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|  | **WELCOME**  D Fordyce welcomed everyone to the meeting and welcomed J Buchanan to her first Finance & Property meeting. |
|  | **APOLOGIES**  Apologies were received from D Mackenzie |
|  | **DECLARATIONS OF INTEREST OR CONNECTION**  G Robertson noted his role as Chair of Gardyne Theatre Limited (GTL), J Buchanan noted she was employed by Angus Council but did not believe there was any issue or interest or connection in respect of the proposed sale of Fairlie House (which was co-owned with the council). |
|  | **MINUTES OF PREVIOUS MEETING**  The minute of the Finance and Property Committee meeting held on 26 September 2022 was approved as an accurate record. |
|  | **MATTERS ARISING**  J Carnegie confirmed that all outstanding Matters Arising are closed with the STEM Centre OBC item to be closed for now and taken forward under the future Infrastructure Strategy. |
|  | **FINANCE**   * 1. **Financial Sustainability**   S Hewitt summarised work and discussions that were ongoing to help support future financial sustainability for the sector and for D&A. This included national discussions and lobbying in respect of potential new arrangements around student activity targets alongside modelling the impact of anticipated financial reductions. S Hewitt noted the College will continue to model and plan for the expected funding announcement in the middle of March 2023.  S Hewitt stated that national discussions centred around the funding levels plus discussion around potential reductions to activity (credit) levels of up to 20%.  The key assumptions were discussed, and it was noted that under all of these it was clear that future financial forecasts were very challenging and that the sector as a whole was unsustainable without significant national policy, activity, or funding changes.  S Hewitt noted the College’s strengths in finding solutions and outlined discussions taking place nationally and directly with the Scottish Funding Council (SFC) to look at potential opportunities and solutions.  Modelling was still ongoing around the potential of a 6% + pay increase, however the College had only budgeted for 2%, with a 6% award adding c£1.4 million to the 2022/23 deficit. J Carnegie highlighted the importance of waiting for the Scottish Funding Council announcement and balancing what we can do with the resources made available.  G Robertson complimented how the College is managing and dealing with the financial challenges and questioned whether teaching unions in colleges will strike due to the ongoing discussion of pay. S Taylor stated negotiations were ongoing at a national level but that a dispute has been declared and an EIS consultative ballot on industrial action was being progressed. S Taylor noted that it was likely that there would be strike action if a resolution was not possible.  On-going planning and communication with unions and staff was noted, with similar timelines to the savings plan of 2022 envisaged. |
| * 1. **Management Accounts & Forecast Outturn**   B Ferguson summarised the papers produced and stated that the forecast position was looking better now than at the previous meeting. The underlying performance had improved showing a more stable platform (pay awards excluded) for next academic year.  B Lawrie asked about funding for Foundation Apprenticeships, asking if the funding would be coming to an end or recurring? B Ferguson stated the funding had been reduced significantly in 2022/23 and it was anticipated that this would be subsumed within normal funds for the future. |
| * 1. **Gardyne Loan Repayment**   J Carnegie stated this paper was for information only, highlighting the existing arrangements of the Gardyne Loan and the limited options to amend the arrangements.  J Buchanan asked about the legal standing of the loan and why this had changed and asked if it would be possible to liaise with others over this. J Carnegie summarised the changes arising from the reclassification of colleges as public bodies and stated that it was felt that the cost of legal advice would be more than the value of any savings made. |
|  | **INFRASTRUCTURE**   * 1. **Estates Update**   B Grace summarised his paper, noting it had been an exceptionally busy period for the Estates team. The range of projects undertaken was noted. B Grace highlighted work planned to replace windows in the Isla building in Arbroath and noted that this would be more complex and costly than usual given that it was a listed building.  J Carnegie stated there will be a paper coming to the Board meeting to seek approval for the sale of two properties to go ahead assuming that the College could retain the proceeds.   * 1. **ICT Update**   A Ross summarised his update highlighting that exchange and inflation rates, and issues around availability, had increased the costs associated with the network replacement. The various purchase orders had been raised, but with a shortage of raw materials there was a 38-week lead time for deliveries.  A Ross confirmed that placing the orders secured the current price, but that no payments were required until the equipment was delivered. This approach was welcomed. |
|  | **PROCUREMENT**  B Ferguson provided an update on procurement. He highlighted the work needing done on the Isla replacement windows and the Gardyne Swimming pool requiring Committee approval. Following discussion on these, both were approved. **B Grace to progress.**  B Ferguson noted that there could be two late procurement requests arising from funding received by the Energy Skills Partnership. If required it was agreed that these could be circulated for consideration and approval (including approval of a non-competitive award if required) by e-mail to the Committee. **J Carnegie to progress.** |
|  | **SERVICE DESIGN ACADEMY BUSINESS PLAN**  J Carnegie stated that her report was for noting but highlighted that the Service Design Business plan had been revisited from 2019. This showed good potential for growth, with this staged over the coming years and decisions on staffing taken on a rolling basis relative to increased demand and sales.  G Robertson noted it was positive to see the plan and the proposed developments. L O’Donnell asked if there were details available in terms of the overall size of the market and SDA’s share within it. It was noted that there was not, but that there were some strong drivers for demand (such as Scottish Government policy) and a clear increase in viable contacts being made. R McLellan confirmed from engagement in the planning process that there was clear evidence of future demand.  The revised business plan was noted. |
|  | **VP CORPORATE SERVICES REPORT**  J Carnegie summarised her report and noted the excellent work being undertaken by the Business partnerships team, Sector development Leads and staff to deliver the Flexible Workforce Fund (FWDF) income. It was planned that a bid for additional funds would be made.  The future of the FWDF was discussed and it was noted that this remains unclear.  The VP report was noted. |
|  | **STRATEGIC RISK REGISTER**  S Taylor summarised the risk register paper and focus on the financial security risk. The wider update to the Risk Register was noted, with this being discussed at the next Audit & Risk Committee meeting.  The paper was approved. |
|  | **DATE OF NEXT MEETING** – Tuesday 30 May 2023 at 5.00pm – Gardyne Campus, Y150 |

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| **Action Point Summary** |  |  |
| **Action** | **Responsibility** | **Date** |
| Procurement approved for work at Gardyne Swimming Pool and Isla window replacement | B Grace | 30 May 2023 |
| ESP procurement requests to be considered for approval by e-mail to Committee members if necessary. | J Carnegie | 30 May 2023 |
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