# **logo_colourBOARD OF MANAGEMENT**

**Finance & Property Committee**

Tuesday 28 May 2024 at 5.00pm Room A625, Kingsway Campus and via MS Teams

Minute of the Finance & Property Committee meeting held on Tuesday 28 May 2024 at 5.00pm in Room A625 Kingsway Campus and via Microsoft Teams

|  |  |  |
| --- | --- | --- |
| **PRESENT:** | Brian Lawrie | Laurie O’Donnell |
|  | Matthew Beattie | Daniel Rosie |
|  | Carri Cusick | Simon Hewitt |

|  |  |
| --- | --- |
| **IN ATTENDANCE:** | Steve Taylor (Vice Principal Support Services and Operations) |
|  | Julie Grace (Vice Principal Curriculum and Partnerships) |
|  | Andy Ross (Director of Infrastructure) | Billy Grace (Head of Estates) |
|  | Nicky Anderson (Director of Finance) | Penny Muir (Board Administrator) |

|  |  |
| --- | --- |
|  | **WELCOME**B Lawrie welcomed everyone to the Finance & Property Committee meeting whilst taking on the role of Chair in the absence of D Fordyce. |
|  | **APOLOGIES**Apologies were received from D Fordyce, R McLellan, S Oakley, D Smith, and D Mackenzie. |
|  | **DECLARATIONS OF CONNECTION & INTEREST**No declarations were noted. |
|  | **MINUTE OF THE PREVIOUS MEETING – 27 February 2024**The minute of the Finance & Property Committee meeting held on the 27th of February 2024 was approved as an accurate record.  |
|  | **MATTERS ARISING**All matters arising had been closed and included within the meeting agenda. |
|  | **FINANCE*** 1. **Financial Sustainability**

S Hewitt provided a summary of the current situation, highlighting they are still awaiting final figures for the expected funding allocations. The projections and plans have been made based on these anticipated allocations. All indications suggest that funding will remain flat cash for the next three years. Consequently, the College will need to focus on financial sustainability for an extended period, making it a priority.Regarding the ongoing pay award discussions, there is a consideration of moving from a three-year to a four-year offer. There has been some debate among the management side, with some members hesitant to progress with the four-year deal. The Scottish Government is maintaining its current stance, with no likelihood of additional funding. Significant efforts have been undertaken to ensure sustainability through additional income and S Hewitt stated that more funds are anticipated in the near future, although there is a consensus that the College should not become overly reliant on these and still needed to explore its own financial sustainability solutions. The Voluntary Severance (VS) scheme had received only a small number of applications, which wasn’t a surprise given the number of schemes offered in the recent past. 2023/24 was the first year of the reduced credit target and the full effect of this is still to be seen in terms of changes to recruitment and the credit guidance. Strategies are being developed to enhance the College's sustainability and financial reviews are ongoing in areas such as GTL, the Nursery and the Sports Centre.S Hewitt stated an allocation of £2 million is being directed towards Tay Cities Deals within a skills pot, contributing to both capital and revenue contributions for the College. This initiative builds on the existing platform, reinforcing financial and infrastructural development.S Taylor highlighted that Unison is currently balloting support staff on a three-year deal, with the ballot closing on the 30th of May 2024, with the vote expected to be in favour. For academic staff, the conditions for years 1, 2 and 3 remain unchanged, however, there is a potential escalation of industrial action towards the end of June, increasing to four days a week. S Taylor emphasised the importance of continuing to ‘micromanage’ every new post request and change. This level of detailed management is deemed crucial to ensure effective handling of the ongoing budget and financial planning processes, particularly if the funding remains flat.B Lawrie thanked S Hewitt for the report.* 1. **Management Accounts & Forecast Outturn**

N Anderson provided a financial update, noting the projected year-end cash-backed surplus. In February 2024, an emerging risk was reported regarding the use of the capital budget. The Scottish Government and the Scottish Funding Council (SFC) indicated that, from April 2024, all college sector capital and maintenance funding must be spent as capital expenditure rather than the previous mix of capital and revenue expenditure. For the fiscal year 2023/24, apart from a loan repayment of £457,000, all spending from the capital budget is expected to be that of a revenue nature. The SFC has since agreed to provide flexibility for 2023/24, however, significant challenges remained for the 2024/25 capital budget. Discussions have been ongoing with the SFC, the Finance Directors' Network, and auditors to identify ways to mitigate this risk, with a likely solution found. N Anderson highlighted that the college is in a positive position with a cash-backed surplus of £549K, an increase of £26K from the last forecast, which had already improved from a budgeted deficit of £15K.B Lawrie expressed concern regarding the Service Design Academy's (SDA) lower income projections and whether this is a future concern. J Grace explained that the removal of the flexible workforce development fund has impacted on SDA activity, however, the business plan is being revisited to set ambitious yet realistic targets, and staffing profiles are being adjusted accordingly.B Lawrie enquired about the pension costs being funded by the Scottish Government. N Anderson reported positive discussions, although the exact funding has not yet been confirmed nor allocated.B Lawrie asked about the update on the two properties currently still up for sale. B Grace provided an update on the movement with the Kirriemuir property, stating this was moving to closing and would be sold shortly. The Montrose property has made slow progress, with very limited interest. It was noted that the price may be lowered to see if this attracted further interest.B Lawrie concluded by appreciating the thorough report and the improved financial position. While acknowledging some areas of risk, he noted that they do not have a significant impact.* 1. **2024/25 Draft Budget**

N Anderson highlighted the report, stating the 2024/25 draft budget reflects a deficit of £464,000. A surplus of £457,000 is required to meet the annual loan repayment. N Anderson also noted a positive reduction in the non-staff budget, with non-staff expenditure reduced by £2.465 million in 2024/25. Utility suppliers have indicated a reduction in costs for 2024/25, expected to save approximately £400,000 compared to 2023/24.B Lawrie addressed the budget deficit, highlighting the impact of international student demand and the need to clarify budget changes and their reasons. B Lawrie asked if there was any demographic profiling related to future planning. S Hewitt confirmed extensive demographic work was conducted, while J Grace explained that they consider the number of young people and those in employment during curriculum planning, incorporating these factors into scenario modelling. B Lawrie emphasised the importance of reviewing the financial position continuously and amending spend as needed to improve on the projected deficit. This was recognised.N Anderson stated that once the budget is agreed there will be a further review for September 2024, as further work was progressing on the detail of staff costs as these accounted for over 80% of expenditure. This includes detailed costing of individual staff and building a more robust staff cost structure. Non-staff and staff costs will be reviewed, particularly around the Sports Centre, Gardyne Theatre, Nursery and Service Design Projects. A revised budget will be presented to the Committee in Autumn, aligning budget plans alongside operational plans. N Anderson highlighted that the 2024/25 indicative capital budget is set at £2.530m. The Scottish Government identified £1.5 million, with strict controls on revenue spending. This limitation on capital spending has created stress, prompting lobbying efforts with the Scottish Council. The SFC and financial directors, including auditors from Mazars, are working together to review the capitalisation threshold and approach. The Finance Directors' Conference and Audit Scotland's response indicated that colleges should not suffer due to accounting treatment. N Anderson stated that Mazars (our external auditors) support this approach and it was felt that a solution to the capital-revenue risk would be achieved. N Anderson expressed satisfaction with the auditors' response.The Committee approved the draft budget for presentation to the June Board meeting, and that there will be a detailed update available at the September meeting. **N Anderson to progress.*** 1. **Financial Forecast Return (FFR)**

N Anderson provided a verbal update on the FFR timescale, with the details expected from SFC by the end of May. |
|  | **INFRASTRUCTURE*** 1. **Future Infrastructure Vision**

S Hewitt provided a verbal update on the Future Infrastructure Vision of the College, he noted the efforts to build a solid foundation to address the challenges and opportunities faced by the College. S Hewitt noted discussions are occurring in collaboration with various partners to develop and inform this vision. S Hewitt highlighted that feedback is welcomed, and approval is sought to advance this development to a more detailed Board discussion. The Committee approved this proposal. * 1. **Estates Update**

B Grace highlighted this report for noting. B Lawrie noticed that the budget figure was incorrectly recorded and should have read £2.53 million, B Grace will adjust this. B Grace highlighted that the Estates team are currently dealing with a variety of Backlog Maintenance and Infrastructure Improvement Projects. He stated £1.22 million of the allocation will be used to tackle these projects. He noted two projects for which the College received funding for have been completed. These include pre-capital funding for an Energy Audit and Feasibility work to identify potential decarbonisation and energy-saving projects across the College estate, and capital funding for the LED lighting replacement project at the Gardyne Campus.B Lawrie thanked B Grace for the report.  |
|  | **GARDYNE THEATRE REVIEW**N Anderson reported that efforts are being made to review the business plan for GTL with a five-year plan going ahead. The work is progressing well, with advice sought from Henderson Loggie on the most advantageous type of organisation for the Theatre. This includes advice on potential direct tax and VAT implications of the available legal forms. N Anderson highlighted the proposal for the Theatre to become a Charitable Company as this charity status offers the ability to attract additional arts charity income. Charitable status also means that admission charges would be exempt from VAT and any profits made by the Theatre may be able to be gift aided back to the College.N Anderson anticipated that work on the business case and obtaining charitable status will be completed by the end of the current calendar year. This work will be undertaken concurrently with the creation of a sustainable business plan, implementation of a marketing strategy, and identification of cost savings and further income generation opportunities. It is anticipated that the draft business plan will be completed by September 2024. A further review of the business position will be undertaken and brought to the Committee in September 2025.D Rosie noted that the new business plan and charitable status brings substantial funding opportunities but emphasised the need for a commercial approach moving forward. He enquired about the operational status of other theatres like Dundee Rep. N Anderson noted that most theatre venues operated as charities with few operating purely commercially.The Committee approved the plan, acknowledging that this will also require approval by the GTL Board. **N Anderson to progress.** |
|  | **PROCUREMENT UPDATE**N Anderson summarised the procurement update to the Committee and asked for their approval for the items noted. The Committee approved these including a non-competitive action request for submission to SFC. |
|  | **STRATEGIC RISK REGISTER**S Taylor summarised the change proposed to the Strategic Risk Register and inclusion of reference to the capital – revenue issue. This amendment was approved for final consideration by the Audi & Risk Committee. |
|  | **CORPORATE SERVICES REPORT**N Anderson summarised this report. She highlighted the significant progress and update made with the Service Design Academy and the progress of the Business Partnership Team.S Taylor provided an update on the HE Hardship fund, noting that the College had allocated up to £50k to underwrite the fund as the late announcement of the amount and eligibility had impacted adversely on a number of students.B Lawrie thanked N Anderson for this report. |
|  | **DATE OF NEXT MEETING**Tuesday 10 September 2024 at 5.00pm in Room A625, Kingsway Campus  |

|  |  |  |
| --- | --- | --- |
| **Action Point Summary** |  |  |
| **Action** | **Responsibility** | **Date** |
| Draft budget to be finalised for submission to the June Board meeting | N Anderson | 18 June 2024 |
| Change to charitable status for GTL to be progressed (subject to GTL Board approval) | N Anderson | 10 September 2024 |