# **logo_colourBOARD OF MANAGEMENT**

**Finance & Infrastructure Committee**

Tuesday 27 May 2025 at 5.00pm **Room K-TO-624, Kingsway Campus** (MS Teams option available)

Minute of the Finance & Infrastructure Committee meeting held on Tuesday 27 May 2025 at 17:00pm in Room K-TO-624 Kingsway Campus and via Microsoft Teams.

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| **PRESENT:** | Brian Lawrie | Robert Young |
|  | Stephen Oakley | Simon Hewitt |
|  | Ged Bell | Carri Cusick |
|  | Matthew Beattie |  |

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

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|  | **WELCOME**  B Lawrie welcomed everyone to the Finance & Property Committee meeting. |
|  | **APOLOGIES**  Apologies were noted from Donald Mackenzie, Laurie O’Donnell, Derek Smith, Billy Grace and Donna Fordyce. |
|  | **DECLARATIONS OF CONNECTION & INTEREST**  There were no declarations of interest or connection. |
|  | **APPOINTMENT OF CHAIR AND VICE CHAIR**  S Taylor noted that D Fordyce is stepping down, creating vacancies for Chair and Vice Chair. One nomination was received for each: B Lawrie for Chair and G Bell for Vice Chair.  The Committee approved both appointments and extended their congratulations. |
|  | **MINUTE OF THE PREVIOUS MEETING**  The minute of the Finance and Property Committee meeting held on 25 February 2025 was approved as an accurate record. |
|  | **MATTERS ARISING**  All actions were closed, except for the item relating to GTL. S Taylor proposed that, with the Committee’s agreement, this item is be removed as it is no longer an ongoing action.  This was agreed. |
|  | **FINANCE**   * 1. **Financial Sustainability**   S Hewitt provided an update on the ongoing financial challenges, noting that while the circumstances may differ, the pressure on all public sector finances remains widespread. S Hewitt stressed that continued vigilance and proactive management are essential to remain on top of the situation.  S Hewitt highlighted local and regional pressures, reinforcing the need to focus on core business activities and identify non-core areas that do not deliver a contribution to College finances. In particular, operational decisions regarding the SDA and Gardyne Sports Centre are under review. The current financial contributions required for both of these were increasingly significant and unsustainable, and discussions are ongoing.  The projected deficit for this year has increased to £670K, though it is expected to realign closer to the previous forecast. Looking ahead, next year’s interim budget deficit is anticipated to be larger than the budget for this year, however, there is uncertainty regarding scheduled projects and other income along with national insurance and other cost pressures. The Senior Leadership Team (SLT) remains fully engaged in addressing these challenges.  S Hewitt highlighted that core funding is not keeping pace with rising costs. On-costs have reached 41%, a substantial figure with significant implications. This situation is expected to persist over the coming years, however, there are ongoing national conversations about the need to review the funding model for the sector, with cross-party recognition that reform is necessary. The priority remains to focus on core business and navigate through the current challenges.  National discussions also continue regarding apprenticeships and other funding-related matters. The key objective is to maintain control over the organisation’s direction.  S Taylor added that staffing remains a central consideration. Active staff engagement and consultation are ongoing, with daily feedback received and responded to. Consultations are also taking place with gym and swim users regarding potential changes.  B Lawrie enquired about the number of external individuals using the gym and swim facilities. A Ross noted that approximately 1,000 individuals use the gym and swim facilities, including children enrolled in swimming lessons. In addition, there are regular facility users such as swimming clubs and community lets.  B Lawrie thanked S Hewitt for the update.   * 1. **2024/25 Budget Monitoring Update**   N Anderson reported that only 48% of the anticipated National Insurance funding was anticipated, with key variances in the forecast linked to variable staff costs. She also noted a delay in the collection of outstanding debt; however, the outstanding amount has been reduced by £85k.  There were some complexities around reporting noted in the report, with work progressing on these.  The cashflow position was noted, with an anticipated outflow of cash in the current year, but a reasonable cash position remaining. The requirements around the College’s cash-backed position was discussed and clarity provided for Committee members around this.  The Committee welcomed the detailed update and highlighted the need for the senior team to work to pull the end of year position back to a breakeven position.   * 1. **2025/26 Draft Budget**   N Anderson presented the interim budget for 2025/26, seeking approval from the Committee to progress on this basis as further work was required to bring the budget into a breakeven position.  She highlighted the current projected deficit of £2.6 million and provided reassurance that active steps are being taken to mitigate this position. The budget includes an additional £890K in teaching grant income compared to the previous year, though this accounts for only 2.8% of the College's total income and was allocated to cover two specific areas of cost.  Staff costs have risen by over £1 million, with provisions made for increases such as National Insurance and Employers’ Pension contributions. The budget also includes the annual loan repayment of £457K.  N Anderson explained that projected income had reduced by over £1million as a range of projects and other activities were reaching a conclusion and that replacing this income would remain an area of focus. She acknowledged the challenge of budgeting for grants that may only become available later in the year but confirmed that such opportunities would be pursued as they arise.  She also noted that staffing costs for the next two years will be reviewed to support long-term financial planning. While the budget remains challenging, N Anderson stated that it is not unusual and will be closely managed as it is refined ahead of presentation to the next Finance & Property Committee.  In response to a question from C Cusick about whether this situation is typical across the sector, S Hewitt confirmed that the current position is unfortunately common, noting that the sector wide deficit was greater last year.  In terms of governance, S Taylor added that preparing an interim budget under these circumstances is a recognised practice and had been taken in 2022. The additional time would allow the College to revise the budget further and adjust as more reliable figures become available.  G Bell asked whether the College could document areas at this stage where improvements to the position were expected, both in terms of income and expenditure. S Hewitt responded, highlighting that the non-core income budget was currently set at £3.2 million against a forecast in the current year of £4.3 million. This was a significant area where the College has to work over the months prior to August to increase income. N Anderson confirmed this and also stated that all budget lines are being thoroughly reviewed to ensure no areas are missed and that the Collegehas the most accurate and efficient possible picture of the year ahead.  J Grace noted that, with four months remaining until the start of the new financial year key variables-such as student enrolment and course availability remain uncertain and will not be confirmed until August. As such, the budget at this stage was reliant on known trends and projections.  S Hewitt reiterated the importance of setting a workable budget, while remaining open to adjustment as circumstances evolve. B Lawrie noted the benefit of presenting an interim budget to the Board, as it allows for transparency and clarity regarding the changes made in the final version and the reasons behind them.  R Young queried the timeline for the final budget and raised concerns about potential limitations in capital flexibility for 2025/26 if the CDEL/RDEL switch was not approved by the Scottish Government. This risk was recognised and N Anderson explained that the Scottish Government had changed its guidance on the use of capital grant funding, previously used for maintenance and repairs, stating this was no longer permissible.  For 2024/25 and 2025/26, the Scottish Government and SFC have agreed to relax these rules to allow institutions time to adjust. The College has already revised its policy on capitalising fixed assets and is capitalising all eligible items to mitigate the issue.  N Anderson confirmed that loan repayments will still be made, and that discussions are ongoing with lenders regarding the potential for partial early repayments should this be necessary. She added that underspends on capital do not offset revenue pressures, and conversations with the Scottish Funding Council continue on this. N Anderson noted that this was a sector wide issue and that a resolution had to be found either to move the balance between capital and revenue funds, or to continue with the current guidance on use of CDEL funds.  N Anderson explained that capital project costs have been fully reviewed, named, and justified on a project-by-project basis to ensure full capitalisation, which auditors have accepted. S Hewitt noted the difficulty in distinguishing between capital and maintenance costs, describing it as a grey area under national review. He also updated the Committee on income generation efforts, stating that the SLT had reviewed potential opportunities across Dundee. Although some alternative models have not yielded anticipated returns, future focus will remain on areas where the College excels, such as curriculum delivery, upskilling, and partnership work including apprenticeships. S Hewitt stated that the College is pursuing a strategy that focuses on its core strengths while exploring new ideas in a sustainable manner. A stretch target has been identified, reflecting both ambition and a commitment to improvement income.  B Lawrie advised against pursuing funding avenues that could pose excessive risk, underscoring the importance of a more strategic and focused approach. S Hewitt agreed, drawing attention to the valuable learning from developments within the Service Design Academy and Gardyne Theatre Limited. He reiterated that the College’s core strength is in learning and teaching, which along with the associated revenue streams, should remain central to its financial planning.  The Committee agreed the interim budget for 2025/26 for discussion at the Board meeting and acknowledged the ongoing work to refine the financial position ahead of submission of the final budget in September 2025. **N Anderson to progress.**  B Lawrie noted that work would be ongoing and it was agreed that an update on a finalised budget position would be provided to the Committee as soon as this was available. **N Anderson to progress.** |
|  | **GARDYNE THEATRE REVIEW**  N Anderson reported that individual consultations are ongoing, with meetings held with GTL and College staff. Staff have also raised questions, and all possible options are currently being explored. Consideration is being given to how the theatre can be managed more effectively, both as part of the College and by making greater use of College facilities. The aim is to reduce the resource burden on the College and to develop a more streamlined approach. There is also potential for offering the theatre space to external businesses to increase utilisation and income.  S Taylor reported that the company had recently undergone a period of suspension due to an issue with a submitted document. The matter has since been resolved, and the company has been fully reinstated, effective from the original suspension date. Planning is ongoing, with operations expected to continue through to the end of the calendar year, as several shows are already scheduled during this period.  The update was welcomed. |
|  | **FINANCIAL GOVERNANCE REFLECTION/UPDATE**  S Taylor presented the paper to the Committee.  He advised that, in light of the similarities in core business operations and funding models between Dundee & Angus College and the University of Dundee, the College’s Senior Leadership Team had undertaken a reflective self-evaluation. This was intended to review internal practices and consider any relevant issues arising from the recent parliamentary scrutiny of the University of Dundee’s finances and governance arrangements from a D&A perspective.  S Taylor highlighted the importance of maintaining a proactive approach as these matters gain wider visibility and noted the possibility of a formal request or similar ask that all colleges and universities undertake a review relative to the outcome of the current inquiry into the Dundee University position.  He explained that the paper was informed by an initial parliamentary review and whilst acknowledging the financial challenges within the College, he reported that no significant gaps had been identified in Dundee & Angus College’s current position. He confirmed that the paper would be discussed at the Audit & Risk Committee and would be further developed as additional information becomes available**.**  R Young raised the question of how the Committee and Board can effectively monitor the progress against the College’s self-evaluation. He suggested that peer review could be a useful tool in providing external scrutiny and ensuring readiness for future developments.  In response, S Taylor advised that actions linked to the self-evaluation would be brought back to the Committee at the appropriate time to provide assurance. He added that it was expected that the independent investigation at the university would result in specific asks of the sector which may include a review by the Scottish Funding Council. He noted that the timing of any internal or external audit activities would depend on the release of the final report from the Scottish Funding Council and should take account of any formal findings. He emphasised the importance of the committee being informed and engaged as a proactive governance measure and noted that many of the actions identified would be assessed through the normal audit review process. He stated that he would expect the auditors will be expected to examine the College’s governance and risk management arrangements in the context of the university report findings.  G Bell expressed his confidence in the College’s proactive approach and welcomed the creation of the action plan, stating that he felt that this exercise demonstrated the College’s strong governance and management structures. He noted that this work would not detract from the delivery of key audit priorities and welcomed the clarity it provided.  B Lawrie emphasised the importance of clearly documenting key assumptions, including projected student numbers, to ensure transparency and provide a basis for future reflection. He acknowledged the challenging political environment and stressed the need for effective scrutiny and timely action. While recognising the reality of financial deficits, he underlined the importance of assessing associated risks and ensuring appropriate mitigations are in place. He commended the College’s progress in risk management and financial resource allocation.  S Hewitt added that the paper represents a "live document," reflecting current developments and the evolving financial and governance landscape.  C Cusick described the report as a compelling and informative read and thanked the team for its clarity and relevance.  B Lawrie welcomed the report and formally thanked all staff involved in its preparation. |
|  | **INFRASTRUCTURE**   * 1. **Future Infrastructure Vision**   S Hewitt provided an update on capital development planning and funding challenges facing the sector. He noted that while the current funding model presents significant issues, the College has engaged with a Global Finance specialist to explore alternative revenue-based funding mechanisms. This includes reviewing models such as that used by Cardiff and Vale College, which have been approved by the Welsh Government. Although no capital funding is currently available, the team is working closely with the Scottish Government and the Scottish Funding Council to identify viable revenue funding options, with some D&A Foundation funding set aside to support early stage progress.  S Hewitt reported that work on the Outline Business Case (OBC) is progressing, with early planning on how the proposed development will be delivered. A major economic impact study has been completed, estimating that a £265 million investment could generate over £1.8 billion in economic value over a 20-year period. The College is now preparing to proceed via the SCAPE compliance route, with the process expected to begin within the coming weeks and to take approximately 16 weeks to complete. Initial design development work is being supported by AETO, with a focus on aligning the project with the College’s values, vision, and culture. This work is ongoing in collaboration with the Senior Leadership Team.  In parallel, S Hewitt stated discussions with the Scottish Government were looking at cross-government opportunities and broader engagement to enhance employability provision, with a further update anticipated in early June 2025.  In response to a query from B Lawrie regarding whether the projected £1.8 billion impact could attract additional regional support, S Hewitt acknowledged the potential for this and noted the importance of ongoing strategic engagement with government. He welcomed any advice from committee members and emphasised the need to complete this foundational work first. S Taylor added that the project’s benefits will be distributed across both Angus and Dundee, with the aim of delivering significant economic benefit in both areas.  R Young highlighted the importance of the Outline Business Case (OBC) as a key milestone and queried the expected timeline. S Hewitt confirmed the process would take up to 16 weeks, though this may be shortened given that some significant work had already been completed.  R Young also asked whether the Board has the necessary infrastructure and expertise to oversee a project of this scale. He expressed support and a willingness to contribute. S Taylor noted the recent appointment of three new Board members, including individuals with significant infrastructure and major public funding experience, He advised that these appointments would add strength to the Board’s oversight capacity and that additional expertise may also be co-opted as needed.  S Taylor stated that a paper will be brought to the June Board meeting outlining future governance arrangements.  S Taylor also confirmed that further governance measures were being planned, including the appointment of a dedicated specialist Project Director. A job description has been prepared, but the role is contingent on securing sufficient funding. A request will be made to the Scottish Funding Council to support this and other funding was being sought.  S Hewitt concluded by noting that AETO, a global firm, is enthusiastic about the project and has offered a favourable rate to support visioning work, reflecting their belief in the project’s potential and the positive momentum generated to date.  The report was welcomed.   * 1. **Estates Update**   A Ross provided an update on estates and infrastructure project plans, with investment divided between traditional capital projects and infrastructure improvements, guided by stakeholder feedback. Over the summer period, the CALC building refurbishment will be completed, including the redevelopment of space on the opposite side of the site to create improved study environments within the library. Enhancements to the ESK building are underway, including the installation of new lighting, carpeting, and updated hair and beauty facilities.  Additional investment is being directed toward the sports facilities for students in Gardyne, with the aim of bridging service gaps and improving the student environment. This includes internal painting and reconfiguration of layouts to enhance functionality and aesthetics.  B Lawrie welcomed the update and commented positively on the breadth of activity being undertaken. He noted that it was particularly encouraging to see a proactive approach being taken, with constructive input from both support and academic teams.  C Cusick observed that the report was useful in highlighting the scale of the planned projects and acknowledged the challenge of delivering a significant volume of work within the relatively short seven-week summer window.  B Lawrie concluded by reaffirming the importance of the scale and scope of capital investment projects and commended the College’s ongoing commitment to enhancing its estate. |
|  | **PROCUREMENT**   * 1. **Procurement & Creditors Audit Progress**   N Anderson provided an update on the Procurement and Creditors Audit undertaken in June 2024. The audit resulted in six recommendations, with progress regularly reported to both the Audit & Risk Committee and the Finance & Property Committee.  Of the six recommendations, five have been fully implemented. The remaining recommendation relates to conducting a cost-benefit analysis for the ordering of catering supplies, with a completion deadline set for the end of August 2025.  N Anderson also reported on the recommendation concerning compliance with the requirement to raise purchase orders. In the 2023/24 financial year, overall purchase order compliance stood at 23%. This figure has increased to 37% in the current year. While progress has been gradual, she emphasised that sustained focus and targeted efforts have led to significant improvement.  The Committee welcomed the update and acknowledged the positive direction of travel.   * 1. **Procurement Update**   N Anderson advised the Committee that there was one item requiring approval concerning the Non-competitive Award notice for timetabling software.  The Committee reviewed the matter and granted NCA approval. **N Anderson to progress.** |
|  | **STRATEGIC RISK REGISTER**  S Taylor provided an update on the current risk register, noting that there were no changes to the usual risks reported to the Finance & Property Committee (FPC).  S Taylor stated that it was proposed adding an additional risk relating to the signing of the annual accounts. He noted that while this may be too narrow to classify as a strategic risk solely on that basis, it had been incorporated under a broader financial planning and reporting risk. This proposal was presented for the FPC’s consideration and comments, with the intention to refer the final decision to the A&R Committee for approval.  S Taylor highlighted that financial sustainability remains a key risk, currently rated as red, and is included on the Board of Management agenda as well as the Audit & Risk Committee’s (A&R) agenda.  The Committee approved the update and the additional risk as presented. |
|  | **SUPPORT SERVICES REPORT**  N Anderson noted the report.  B Lawrie emphasised the importance of the report in demonstrating how potential student numbers are being monitored, highlighting this as an indicator of the College’s strength in attracting applicants. He acknowledged that final student numbers are not confirmed until later in the year, making this information particularly valuable for planning.  Regarding Section 6 of the report, which refers to project income exceeding targets, B Lawrie queried whether this represents additional income or involves extra costs. J Grace clarified that the figures reflect actual income and include a markup applied to all commercial course delivery so that a portion of the income contributes to covering expenses.  B Lawrie thanked N Anderson for the report. |
|  | **DATE OF NEXT MEETING**  Tuesday 9 September 2025 at 5.00pm in Room K-TO-624, Kingsway Campus |

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| **Action Point Summary** |  |  |
| **Action** | **Responsibility** | **Date** |
| Draft Interim budget to be presented to the Board of Management for consideration | N Anderson | 17 June 2025 |
| Final draft budget to be shared with Finance and Property Committee members when available. | N Anderson | 9 September 2025 |
| Non-competitive Award arrangements to be progressed | N Anderson | 13 June 2025 |