

BOARD OF MANAGEMENT



Finance & Infrastructure Committee

Tuesday 9 September 2025 at 5.00pm **Room K-TO-624,**
Kingsway Campus (MS Teams option available)

Minute of the Finance & Infrastructure Committee meeting held on Tuesday 9 September 2025 at 5.00pm in Room K-TO-624 Kingsway Campus and via Microsoft Teams.

PRESENT:

Brian Lawrie (Chair)	Robert Young
Stephen Oakley	Simon Hewitt
Ged Bell	Donald Mackenzie
Derek Smith	Kirstin Marsh
Laurie O'Donnell	Richard Gordon (Observer)
Colin Smith	

IN ATTENDANCE:

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

1. WELCOME

B Lawrie welcomed everyone and welcomed Kirstin Marsh and Colin Smith to their first Finance & Infrastructure Committee meeting and welcomed Richard Gordon as an observer.

2. APOLOGIES

Apologies were noted from Donna Fordyce and Derek Stewart (both co-opted members).

3. DECLARATIONS OF CONNECTION & INTEREST

There were no declarations of interest or connection.

4. MINUTE OF THE PREVIOUS MEETING

The minute of the Finance and Infrastructure Committee meeting held on 27 May 2025 was approved as an accurate record.

5. MATTERS ARISING

All matters arising have been completed or are addressed in the current agenda.

6. FINANCE

(i) Financial Sustainability

S Hewitt presented some key information summarising the impact of flat cash settlements over the past 5 financial year period.

He noted that the College had communicated to the Funding Council that it had been proactive and responsive in considering options. Action had been taken in 2022 and 2023 but continuing flat cash had brought the College back to a similar position as savings had been eroded by unavoidable costs increases in the intervening years. He emphasised that while the past had shaped the present, the current funding model was no longer fit for purpose. Funding was failing to keep pace with costs and causing significant challenges across the sector.

S Hewitt stated that the message had been delivered to both the Funding Council and the Scottish Government that reform needed to be accelerated, as three years had passed since reform was first announced, with no increase in apprenticeship funding having materialised, nor likely before the next election. The College was at a genuine crossroads and needed to take control of its own future.

S Hewitt explained that the gap between the core grant and staff costs was widening, primarily because the core grant was not rising at the same rate as pay awards, inflation and other costs increases. Shifts in funding were evident; in 2022/23, the core grant was £80k less than the previous year; in 2023/24 the allocation was flat cash; and in 2024/25 a further reduction would be applied. Although £800k of additional funding had been provided by the Government, there had still been a reduction over the five-year period whilst over the same time. S Hewitt noted that staff pay costs had increased by £6.7m over these 5 financial years whilst core funds had reduced by £580k. This divergence had resulted in the need for the savings of 2022 and 2023 and would require further savings to be achieved if the College were to remain financially sustainable.

S Hewitt stated that while the College had managed the position, reducing costs by 14%, this position could not be maintained and around a further 10% of costs would have to be saved unless there was a substantive boost in funding.

Without action the College would face an unsustainable deficit and a critical decline in cash reserves. Projections indicated that by the end of the 2025/26 financial year, if no action were taken, cash reserves would stand at only £1.5m, placing the College in a vulnerable position.

Tuition fee income was also under pressure. In 2021/22, £3.2m was generated from HNC and HND learners, but this had steadily declined to £2.5m and was projected to reduce further due to competition from universities, creating an additional challenge. The matter had been raised with the Scottish Funding Council.

S Hewitt highlighted the wider sectoral difficulties, including declining cash positions across all colleges, campus closures (projections showing that up to nine campuses could close nationally over the next three years). It was estimated that the combined sector deficit over this period was projected at a minimum of £103m.

In discussions with the Scottish Funding Council (SFC), concerns were raised regarding the direction of travel and the lack of clarity around reform. Although the SFC had suggested three stages—stabilisation, reform, and innovation—there remained no immediate solutions in relation to full funding for additional costs such as National Insurance, or Pension Contribution increases.

S Hewitt emphasised the need for the College to focus on those matters within its control.

N Anderson provided further detail on the national cashflow situation, noting that the starting point was plus c£52m declining to -£103m over the next three years, representing an even more serious challenge.

The Senior Leadership Team are working towards a detailed financial efficiency and savings plan with a tight timeline. Initial communication would be issued to staff outlining the position and the savings plan, with further developments expected by the end of the month.

In response to a query from S Oakley regarding changes to the funding model, S Hewitt advised that while the SFC was supportive of this approach, Scottish Ministers were not.

Further discussion took place on the implications of potential credit reductions, the risk of further sector-wide savings requirements, and the concern that SFC might redirect resources towards universities.

R Young sought clarification on the timeline for the Senior Leadership Team's savings plan, referencing the report's note of an end of September deadline with consultation in October.

S Hewitt confirmed that the plan would likely be delivered in two parts: immediate measures this year, and further planning for the next academic year. He emphasised the need for flexibility, regular engagement between the Senior Leadership Team and the Board, and the ability to recall meetings if required. N Anderson confirmed that, in a do-nothing scenario, the College would exhaust its cash reserves by Spring 2027.

D Mackenzie noted that all stakeholders had a role to play in shaping outcomes and queried what influence the Board and College might exert. S Hewitt confirmed that further discussions were scheduled, including a forthcoming meeting, and stressed the importance of new approaches to collaborative working between trade unions and management. S Taylor noted that key 'lines to take' could be shared with Board members to assist with any conversations they were having with key stakeholders.

Board members expressed concern about the wider sector position and asked about communications with other colleges. S Hewitt advised that while some discussions were taking place, different colleges were at different stages, making a sector-wide position difficult.

S Oakley emphasised the importance of partnership working between the trade unions and the Senior Leadership Team, noting that while difficult protocols had to be followed, there was a shared values-based commitment to protecting staff. This input was welcomed.

B Lawrie noted the positive relationship between the College and trade unions and the mutual understanding of the challenges faced.

In concluding, S Hewitt reassured members that while the situation was challenging, the College had faced and overcome serious financial pressures in the past. He stressed the importance of collective working, a clear strategy, and regular engagement to navigate the current challenges successfully.

(ii) Forecast Outturn 2024/2025

N Anderson presented the report and advised that the projected outturn prior to loan repayment showed a surplus of £219k; however, after loan repayments, this translated to an initial forecast deficit of £238k. She further reported that the SFC would not be funding the academic pension increase for the period 1 April to 31 July 2025, which had impacted the deficit position by £150k.

N Anderson confirmed that further work had been undertaken on the annual accounts since the report was prepared. In reviewing year-end entries, additional accruals of £202k had been identified, revising the projected position to a deficit of c£440k but that this may still change marginally.

B Lawrie thanked N Anderson for this update and noted that, excluding the impact of loan repayments, the College remained broadly at break-even. He noted that checking and adjustments would continue until submission of the accounts to the auditors on 29 September, and further changes remained possible.

The closing cash balance at 31 July 2025 was reported as £4.1m, equating to 29 days of cash. This reflected an in-year reduction of £2.7m, a significant proportion of which related to the accrual of the previous two year's pay awards.

B Lawrie thanked N Anderson for the update.

(iii) 2025/26 Draft Budget and Indicative Budgets for 2026/27 and 2027/28

N Anderson presented the paper for approval and advised Members of the progress with the 2025/26 budget, which currently reflected a deficit of £2.3m. She further highlighted the indicative budgets for future years, with a projected deficit of £6.9m in 2026/27 and £6.6m in 2027/28.

Since the paper was prepared, further information had been received. Verbal confirmation had been given by the SFC that the proposed CDEL/RDEL switch would proceed; however, while this arrangement would be workable for colleges, it posed a regularity concern for Audit Scotland, which had not agreed to the proposal and had resulted in a less clear position from SFC. Should the switch not be implemented, the College would face an additional financial impact of £1.6m in 2025/26, with the risk of further increases in subsequent years.

It was noted that the budgets assumed that the proportion of funding provided for National Insurance, academic pensions, and any pay awards above 3% in 2025/26 would continue in future years. Given that the SFC had not been able to meet the full cost of pensions already allocated, there was an increased risk that such items may not be funded in future years.

B Lawrie queried whether confidence had reduced in receiving the pension funding, noting that monies were normally withdrawn in the first part of the year. N Anderson confirmed that the assumption remained that the College would receive this funding and that £150k had been accrued for pensions but then had to be removed.

G Bell sought clarification on whether the projected deficit for 2025/26 would be the position presented to the Board in three weeks' time or if it could change. N Anderson advised that the Senior Leadership Team are developing savings proposals, and while the position could be updated for the Board, a consultation process would be required.

S Taylor added that non staff savings could be built into the budget as they were identified, acknowledging that staffing would have to form the largest part of these considerations. He emphasised that while the budget would be challenging, improvements could be achieved as savings were realised. S Hewitt noted the importance of ensuring the financial contribution from new projects or non-core activities was considered as well as savings.

B Lawrie expressed concern regarding the commencement of the financial year with a significant deficit budget. While recognising why this was the position and acknowledging the actions underway to address the position.

B Lawrie emphasised the need to keep the Board fully informed at a strategic level and requested that Members receive regular updates to support effective decision-making.

The draft budget was approved for progression to Board approval. **N Anderson to progress.**

(iv) Financial Forecast Return (FFR)

N Anderson presented the report, noting that it covered the period 2025/26 to 2027/28 and was informed by the draft budget in May. Due to the timing of the Committee cycle, the FFR was reviewed and approved by L O'Donnell, as Board Chair, and B Lawrie, as Chair of the Finance & Infrastructure Committee, prior to submission to the SFC.

Members were advised that the College had successfully communicated a realistic financial position to the SFC. While the report presented a challenging outlook, it was acknowledged that it accurately reflected the College's financial position.

B Lawrie commented that the narrative in Section 4 was particularly helpful and queried whether it had been submitted to the SFC, to which N Anderson confirmed that it had.

N Anderson explained that the FFR required the inclusion of a savings figure to achieve a balanced position, although the College had not assumed that these savings would be realised, however, S Hewitt noted that this approach was consistent with many other colleges and served to make the position clearer and more visual.

B Lawrie thanked N Anderson for the update.

7. GARDYNE THEATRE UPDATE

N Anderson advised members that plans were being finalised for implementation by the end of September 2025. N Anderson highlighted that preparations were underway for the College to assume operation of the Theatre from 31 December 2025.

B Lawrie thanked N Anderson for the update.

8. INFRASTRUCTURE

(i) Future Infrastructure Vision

S Hewitt highlighted the need to adopt an alternative approach and model to ensure positive engagement and maintain project momentum. Since the publication of the paper, productive meetings have been held with the Funding Council and the Scottish Government. Engagement with Welsh counterparts is scheduled over the next couple of weeks.

S Hewitt stated the target for submission of the Outline Business Case (OBC) is scheduled for the end of October 2025. A response is required prior to Christmas to enable the Board and Senior Leadership Team to evaluate a contingency Plan B and consider its implications in the context of challenging budgets. Discussions have also been held with the First Minister, including a meeting in October, which will support the continued advancement of the project. A bid has been submitted to the Funding Council for additional funding.

B Lawrie raised a query regarding the schedule of accommodation, noting that the size of the city centre component is smaller than originally planned and questioned the amount of work being undertaken in relation to the budget.

S Hewitt confirmed that the process with the architects is ongoing and that the design will continue to evolve. S Taylor reported that the College was currently smaller in size than it had historically been and that it was important in the future design that it was sized to allow for future growth and change. While acknowledging potential pressures to reduce the scale further, he emphasised the importance of maintaining the college at the largest feasible size. It was noted that this is not solely a college project and that considerations will be aligned with the developing employability model.

R Young enquired whether the OBC would include an assessment of potential commercial integration. S Hewitt confirmed that this factor is being incorporated into the assessment.

K Marsh addressed the distinction between the Steering Group and the Operational Group, noting the roles undertaken by participants and the potential pressures associated with these responsibilities. It was agreed that these considerations were under review and that a request for funding to support appointment of a dedicated project director had been made.

The meeting welcomed the ongoing progress and engagement with relevant funding bodies and government representatives.

(ii) Estates Update

B Grace reported on a successful summer period, noting that efforts to achieve an early start were impacted by school schedules. Despite this, a significant amount of work was completed, including the creation of new facilities. Work remains ongoing as part of a year-long programme extending through to 31 March 2026. Investment and maintenance continue at Arbroath and Kingsway sites to ensure high standards are sustained despite relocation plans.

B Lawrie noted that the previous report indicated completion by March 2025 and suggested that the timeline be updated to reflect the current schedule of 2026. This was noted.

L O'Donnell enquired about RAAC, asking whether any changes had occurred and whether a Plan B was in place. B Grace confirmed that monitoring of structural reports is ongoing, with no changes to date. S Taylor noted that an outline plan is in place and that coordination with local authorities will be undertaken if required. L O'Donnell noted that this was an important point for the Committee in terms of governance.

C Smith raised the issue of risk and reporting compliance around the key mandatory elements of estates activities. B Grace advised that these were monitored and testing schedules etc were in place and that a robust process is being followed.

R Young commended the Estates team for their positive work and acknowledged the efforts of all involved.

B Lawrie thanked B Grace and the team for the update and the considerable amount of work undertaken over the summer.

9. PROCUREMENT

(i) Procurement Update

N Anderson sought approval from the Committee for the Electric Vehicle Trainer for the Energy Skills Partnership. She further highlighted the need for approval of all potential and planned contractors for the 2025/26 financial year to ensure appropriate governance and timely commencement of work.

G Bell noted that, in comparison to the previous cycle in September 2024, a high number of contracts required approval and queried whether there was an opportunity to level out the

procurement process across years.

N Anderson explained that the timing of contracts is largely dictated by their renewal dates. She stated that contracts are renewed by their expiry date and, where appropriate, extended for a year to help distribute workload more evenly over a four-year cycle. She noted that it can be challenging to make significant changes to contract timelines.

B Lawrie enquired whether entering into a longer-term non-life insurance contract would provide any benefits. N Anderson confirmed that a longer-term arrangement would indeed offer stability and efficiency.

R Young asked about the non-competitive procurement items and the level of scrutiny these could receive. N Anderson clarified that all contracts are subject to rigorous appraisal in line with Scottish Funding Council requirements, which provides a higher level of scrutiny than would typically be applied at a typical procurement exercise. This reassurance was welcomed.

Following discussion, the Committee approved all proposed actions and recommendations.
N Anderson to progress.

10. STRATEGIC RISK REGISTER

S Taylor reported that there were no changes to the risk register. He noted that the financial security risk continues to be monitored closely and is presented to the Audit & Risk Committee for discussion at each meeting.

K Marsh highlighted the risk associated with the political period around elections and suggested that the wording be revised to reflect political impact more broadly, rather than focusing solely on the Scottish Government. This would be progressed to the Audit & Risk Committee for consideration and approval. **S Taylor to progress.**

11. SUPPORT SERVICES REPORT

N Anderson presented the report for noting.

The Committee noted the report.

12. DATE OF NEXT MEETING

Tuesday 2 December 2025 at 4.30pm (Joint Meeting with Audit & Risk Committee)

Action Point Summary

Action	Responsibility	Date
Draft 2025/26 budget to be progressed to the Board for approval.	N Anderson	30 September 2025
Progress approved procurement contracts & arrangements	N Anderson	2 December 2025
To propose revision to political engagement wording within the Strategic Risk Register to Audit & Risk Committee	S Taylor	16 September 2025