

BOARD OF MANAGEMENT



**Tuesday 30 September 2025 at 5.00pm
in Room A-IS-103 Arbroath Campus (MS Teams
option available)**

Draft

PRESENT:

Laurie O'Donnell (Chair)	Simon Hewitt
Derek Smith	Carri Cusick
Adele Lawrence	Robert Young
Brian Lawrie	Kelly McIntosh
Ged Bell	Helen Honeyman
Donald Mackenzie	Stephen Oakley
Kirsten Marsh	Brian Mooney
Richard Gordon	Connor Pithie

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

1. WELCOME

L O'Donnell welcomed all attendees to the Board of Management Meeting.

2. APOLOGIES

Apologies were received from N Lowden and C Smith.

3. DECLARATIONS OF INTEREST OR CONNECTION

S Taylor declared an interest in item 16 on the agenda and withdrew from the meeting for this item.

L O'Donnell noted the potential conflict for staff and student members in respect of agenda items 12.1 and 12.2 and that this would be picked up under these if required.

L O'Donnell confirmed plan to amend the order of the agenda to take agenda items 12 and 16 first.

4. MINUTE OF LAST MEETING

The minute of the Board of Management meeting held on 17 June 2025 was approved as an accurate record.

5. MATTERS ARISING

S Taylor noted that all matters arising had either been progressed and closed or were included within the agenda.

C Cusick proposed that page numbers to be included on all Board papers if possible. **S Taylor to progress.**

6. FINANCE ITEMS

6.1 Financial Sustainability & Savings Planning

S Hewitt presented the underlying financial picture for the sector and College, outlining ongoing challenges and providing updates since the last presentation. S Hewitt emphasised that a different national funding model is required and highlighted strong support from the Finance Committee within the Parliament, referencing the challenges faced at D&A College.

S Hewitt stated the updated Audit Scotland report due on 6 October 2025 would likely highlight a cut of c20% to college sector funding over the past 5 years, reflecting long-standing sector challenges.

The Scottish Funding Council (SFC) reported that the sector is experiencing structural sustainability challenges, including declining cash reserves, widening deficits, and flat cash settlements set against rising staff costs (e.g. NI and pension contributions). It was noted that limited opportunities for commercial growth exist, given lean college structures and the focus on core business.

S Hewitt also noted that the number of colleges with positive balances is expected to decline, with D&A currently holding c£4 million. N Anderson commented that annual cash reductions could be misleading, as colleges forecast holding over £52 million, with a total downwards shift of £108 million by 2027/28.

S Hewitt highlighted risks relating to industrial relations and the potential withdrawal of apprenticeship partners / employers. S Hewitt stated core funding from SFC does not fully cover staff costs, exacerbated by recent pay awards and pension contributions, resulting in a gap that is increasingly difficult to close. Higher Education tuition fees have declined significantly over the past five years due to reduced HN numbers, contributing to reduced income.

S Hewitt highlighted that the next steps include ongoing discussions with the Funding Council regarding national funding positions, with a minimum two-year timeframe before any reform agenda may be implemented or additional funds from this realised. S Hewitt outlined the timeline for stabilisation over the next two years and the five-year horizon for wider reform. He stated a significant savings plan will be needed, with this to be published imminently, with principal briefings to follow.

The broader context includes national political developments, including the upcoming election and the positioning of Colleges Scotland and universities on funding and tuition fees. S Hewitt stressed the need for a unified approach with trade unions, students, and management to advocate for the college sector and manage the current turbulent period.

B Lawrie noted that the draft budget aligns with this update report and highlighted the importance of joint working to try to influence future funding.

D Mackenzie thanked S Hewitt for the update and sought clarity on support for executive members and trade unions. S Hewitt confirmed that mutual support is being prioritised to navigate the challenges while maintaining calm and finding a way forward.

S Oakley and C Cusick emphasised the importance of strong relationships and a united approach between unions and College management. G Bell and L O'Donnell highlighted sector-wide engagement and forums but noted limited progress in some areas.

R Young raised concerns regarding reputational impact and the surgical nature of the required decisions. S Hewitt described the savings plan history, including a 21% reduction since his tenure as Principal, and the rationale for minimising impact on core business and provision. J Grace highlighted previous reductions and the criteria used to inform proposals that sought to minimise impact on breadth of opportunity, transitions etc. This was difficult in some cases.

S Oakley asked if the future plans are being tested against strategic direction to ensure alignment. S Hewitt confirmed that this was the case.

R Gordon raised considerations regarding financial drivers and succession planning risks. This point was noted.

R Young enquired about feedback on staff morale and what additional support could be provided. R Gordon highlighted the importance of transparency and effort in communicating the approach, noting that effective communication could be supported through established relationships.

L O'Donnell expressed concern that the situation could negatively impact staff mental health and wellbeing and indicated that this issue would continue to be monitored.

L O'Donnell noted the need to be clear about the Board's role in strategic decision making relative to the operational identification and management of savings, emphasising the importance of accountability and oversight. S Hewitt outlined his view on delegated authority for operational decisions, with the Board retaining responsibility for budget approval.

The discussion continued regarding communication and consultation with trade unions, staff, and stakeholders. H Honeyman, D Mackenzie, and other board members emphasised the important role of the Board in supporting and scrutinising as well as alignment in the decision-making.

K Marsh clarified consultation on the savings plan and operational management responsibilities.

Arrangements for Board engagement in discussion and scrutinising of the saving proposals were discussed and it was agreed that **S Hewitt and L O'Donnell would further consider arrangements.**

L O'Donnell concluded by thanking the Board for their engagement and support.

6.2 2025/26 Budget

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.

N Anderson noted that, since the paper was written, the CED/RDEL position was still awaiting national resolution.

B Lawrie acknowledged the draft budget, confirming that savings would need to be implemented to restore financial balance. He noted that it may not be possible to achieve this within 2025/26 and that a balanced budget might not be possible to achieve until 2026/27.

S Taylor emphasised that Board approval of the budget is required for the College to proceed. R Young noted that the extent of budgetary adjustments would need to be made on an on-going basis.

K McIntosh asked if this meant that the current financial year would result in a net deficit. N Anderson explained that, without intervention, the projected deficit for the year would be £2.3 million. She added that, through consultations and planned decisions by the end of the calendar year this would be reduced, but that additional voluntary severance costs would also be incurred but the underlying financial position would be improved.

B Lawrie expressed concern at a personal and professional level in terms of approving a deficit budget. He accepted and acknowledged the detail provided, as the base position, and recommended approval of necessary actions to bring the budget into balance as soon as feasible, acknowledging that the full level of savings may not be achieved within the 2025/26 year. The Board recognised this and approved the 2025/26 budget process as outlined which would deliver financial sustainability within the three year budget period.

6.3 Financial Forecast Return (FFR)

N Anderson highlighted to the Board the Financial Forecast Return was approved by the Chair- L O'Donnell.

6.4 Finance & Infrastructure Committee End of Year Forecast (for information only)

N Anderson stated that the paper was for noting. She reported that the end-of-year accounts had been submitted to the auditors on 30 September 2025, reflecting a deficit of £235,000.

L O'Donnell thanked N Anderson for the update.

7. REVIEW OF GOVERNANCE PROFESSIONAL ARRANGEMENTS

S Taylor noted his conflict of interest and withdrew from the meeting for this item.

L O'Donnell acknowledged the progress made and thanked S Hewitt for his work. Three key areas of agreement were identified: the need to address possible conflicts of interest, to ensure compliance with the governance code, and to protect the Board from potential risks. The Board discussed the possibility of making an external appointment but concluded that this would be costly and could create additional complications.

There was some disagreement regarding timescales. It was noted that the report from May 2024 had recommended separating the role of Board Secretary from the Senior Leadership Team (SLT) and that this remained the only outstanding recommendation.

L O'Donnell proposed postponing the appointment until January 2026, highlighting the pressures on the SLT given budget responsibilities and reduced capacity. S Hewitt confirmed that the timing of the appointment was the main consideration and emphasised that appointing an internal candidate would minimise risk to both the Board and the SLT.

C Cusick observed that a full recruitment process would be required, while R Young suggested that this could provide an opportunity to upskill a part-time candidate. S Hewitt agreed that such an approach could be incorporated into the timeline.

B Mooney emphasised the need to unbundle the role in order to identify governance-sensitive responsibilities. H Honeyman underlined the importance of providing mentorship and support to ensure audit compliance, while D Mackenzie stressed that the matter should be addressed without delay.

L O'Donnell noted that only two colleges currently have a Vice Principal serving as Board Secretary, which is inconsistent with governance guidance, and reiterated the need for action.

S Hewitt confirmed the importance of the role, and the Board agreed that it was comfortable with the associated additional annual expenditure of c£43,000.

The Board agreed that the preferred approach was to make an internal, part-time appointment and resolved to appoint an independent Governance Professional to support its operations, replacing responsibilities previously undertaken by the Vice Principal, Support Services and Operations.

In line with governance requirements, the Board further agreed to conclude S Taylor's tenure as Board Secretary on appointment of the new, with the new role to be in place by January 2026. **L O'Donnell and S Hewitt to progress.**

8. NATIONAL ACTIVITY UPDATE

L O'Donnell reported on the appointment of a new Minister and advised that an election is forthcoming. The Board noted that members are familiar with current developments in Scotland, the United Kingdom, and nationally.

9. INFRASTRUCTURE VISION UPDATE

The paper was for information only.

S Hewitt highlighted since its circulation, further conversations had taken place. S Hewitt reported that he had visited Parliament and advised that it appeared the project would feature in both the Labour and SNP manifestos, as well as within the Government Infrastructure Pipeline plan awaiting approval. He further noted that Shona Robison had engaged in positive discussions on the matter.

S Hewitt stated with regards to the Welsh model, a discussion had been facilitated between the Welsh and Scottish Governments to progress awareness, with significant interest expressed. If approved, this would enable the project to move forward. The Board was informed that the College project had been identified as a possible pilot to support its development. While good progress was being made, it was acknowledged that a potential risk remained in respect of investor commitment.

It was noted that S Hewitt emphasised the vision was centred on safeguarding and developing the future.

The meeting welcomed the ongoing progress and engagement.

10. STRATEGIC ITEMS

10.1 Board Development Day

L O'Donnell informed the Board that the Development Session will be held on 23rd of October 2025 from 3.00-7.00pm. The session will be delivered in two parts: from 3.00-5.00pm a review of developments within the sector, facilitated with B Mooney; and from 5.00-7.00pm a focus on Board skills and maximising resources to support the College and the Senior Leadership Team.

10.2 2030 Strategy Launch

S Hewitt stated the paper was for information only and thanked Board members for their input, noting that their contributions were helping to shape the future direction. He acknowledged the challenges of launching a strategy but emphasised its importance, highlighting the need for stakeholder engagement and the Board's role in supporting various aspects.

S Hewitt reported that the Senior Leadership Team had begun considering the strategy over a three-year period, with a longer-term focus on budget planning. L O'Donnell confirmed that he was working alongside the development of this strategy.

L O'Donnell thanked S Hewitt for the update.

10.3 Strategic Projects Update

J Grace reported that progress was being made, and targets were being achieved.

L O'Donnell thanked J Grace and all those involved for their contributions.

11. STUDENTS' ASSOCIATION REPORT

C Pithie reported on the College's presence across all three campuses for new students starting their studies. He reflected on the previous Connect 2 initiative and outlined plans to improve it for the coming year. The initiative had been delivered as a team, promoting engagement among students, with many returning to participate. Efforts had increased awareness of the College and enhanced student engagement.

Regarding inductions, C Pithie advised that 50 sessions had been completed over two weeks, reaching 1,125 students through a split-team approach. He noted the positive impact on student awareness and connection. Feedback collected included new ideas and interests to support engagement.

C Pithie stated that the revised approach encouraged students to engage in conversation. Overall, feedback indicated high levels of positive engagement and activity, demonstrating that the change in approach had made a significant difference, with hopes that participation numbers would be maintained.

L O'Donnell thanked C Pithie and A Lawrence for their efforts, noting it was a great start to the year.

12. PRINCIPAL'S REPORT

S Hewitt introduced the report for noting. J Grace highlighted the importance of reinvesting and improving the economy.

B Lawrie observed that attainment rates remain strong but are showing a downward trend.

The report and on-going success from students and staff was welcomed.

13. NATIONAL BARGAINING UPDATE

S Taylor presented this item, noting that there had been good discussions through the People, Culture and Wellbeing Committee.

B Lawrie raised questions regarding job evaluation, noting that the number of roles under review had increased from 150 to 500, and expressed concern about the source of funding and its potential impact. S Taylor explained that the increase in numbers reflects more roles rather than staff and that this would not necessarily increase the implementation costs but was a challenge in terms of project planning and funding. Assurance had been provided by the government that funding would be available when required.

A revised project plan had been submitted to the Scottish Funding Council, but the timeline was likely to move, as the government requested that the funding bid be completed to Green Book standard, which may result in delays.

The update was welcomed.

14. GOVERNANCE ITEMS

14.1 Membership Update

S Taylor informed the Board that J Buchanan had stood down from the Board and sought approval to proceed with the search for a replacement. The Board also considered the appointment of A Lawrence as a student member.

Both matters were approved.

14.2 Financial Governance Reflection

S Taylor noted the report.

He stated that the report included a lesson's learnt checklist created within the Gillies report and identified College practices or areas for development against this framework. Overall, S Taylor highlighted that the College is in a strong position, with almost all elements of the checklist embedded. Areas identified for further attention included management of critical incidents, with the recommendation to exclude the Chair of the Audit and Risk Committee to maintain independence and separation for review purposes.

The Scottish Funding Council had recently published its own ask in respect of governance arising from the work undertaken by Professor Gillies and that this would be included in a further review of the document.

L O'Donnell thanked S Taylor for the update.

14.3 Strategic Risk Register

S Taylor stated that the Strategic Risk Register is reviewed at each Audit & Risk (A&R) Committee, noting that updates are provided to the Board twice a year. Clarification was made regarding committee responsibilities, with references to the UK Government included. The Register was approved.

B Lawrie highlighted a typographical error which was noted on section 3.6 of the Risk Register.
S Taylor to progress.

14.4 Board Metrics

S Taylor presented the update for noting, highlighting the switch over to the revised methodology for calculating national performance indicators.

15. MINUTES OF COMMITTEE MEETINGS

The minutes of the Committee meetings were noted.

16. CORRESPONDENCE

The correspondence was noted.

L O'Donnell highlighted that a letter had been received from the Secretary of the Wheelchair Basketball Club regarding the booking of Gardyne Gym. L O'Donnell confirmed that the matter had been dealt with by A Ross and that he would respond to the club secretary. **L O'Donnell to progress.**

The Board noted the update.

17. DATE OF NEXT MEETING

Tuesday 9 December 2025 at 10.00 followed by the Board Christmas Lunch.

It was agreed, given the current financial situation, that Board members would be asked to contribute to the cost of the lunch on a voluntary basis.

Action Point Summary

Action	Responsibility	Date
To review and (if possible) add page numbers to the packaged papers.	S Taylor	9 December 2025
Board discussion and scrutiny arrangements for the savings plan to be confirmed.	S Hewitt, L O'Donnell	3 October 2025
Board Secretary appointment to be progressed.	L O'Donnell	9 December 2025
To correct the typographical error noted by B Lawrie in section 3.6 of the Risk Register.	S Taylor	9 December 2025
Response to the Secretary of the Wheelchair Basketball Club to be provided.	L O'Donnell	3 October 2025