

Board of Management

Meeting of the Finance & Physical Resources Committee

MINUTE OF 1st MEETING HELD ON 21 SEPTEMBER 2016 AT 1700 HRS (FPRC1)

Present	
Joseph Hughes (JH)	Robert Morrison (RM)
Karen Kelly (KK) (Convener)	Lesley Woolfries (LW)
Paul Little (PL)	
In attendance	
Janis Carson (JC)	Alex Stewart (AS)
Paul Clark (PC)	Stuart Thompson (ST)
Fares Samara (FS)	Ann Butcher (Minute)
Apologies for absence	

PC advised that in the absence of an appointed Convener for the Committee, KK would Convene the meeting. JH was welcomed to his first meeting of the Committee.

Item FPRC1-1	Apologies for Absence	
Paper No:	Lead: K Kelly	Action requested: Note
Decision/Noted	No apologies for absence were received.	

Item FPRC1-2	Declarations of Interest	
Paper No:	Lead: K Kelly	Action requested: Note
Decision/Noted	There were no declarations of interest.	

Item FPRC1-3	Minute of Previous Meeting held on 1 June 2016	
Paper No: FPRC1-A	Lead: K Kelly	Action requested: Approve
Decision/Noted	That the minute be approved.	

Matters Arising		
Paper No:	Lead: K Kelly	Action requested: Note
Decision/Noted	Voluntary Registration - NHS The value of Voluntary Registration to resolve title issues over the NHS site has now been settled. SFT has suggested that the SFC should offset this cost against the proceeds from Florence, Rogart and Dornoch Street sites. ST and JC will seek formalisation of this agreement from the SFC.	

Item FPRC1-4		Committee Annual Report 2015-16	
Paper No: FPRC1-B	Lead: P Clark	Action requested: Approve	
Discussion/ Matters Arising	<p>The FPRC Committee Annual Report 2015-16 was submitted and the high-level review of activities undertaken during 2015-16 were noted. PL requested that the huge contribution made by the Committee towards the delivery of the New Campus be further highlighted. This was agreed however members noted that this would be featured within the overall College Annual Report. Further detail on Health and Safety outcomes will also be added.</p>		
Decision/Noted	To approve the report subject to agreed amendments.		

Item FPRC1-5		Committee Programme of Work	
Paper No: FPRC1-C	Lead: P Clark	Action requested: Approve	
Discussion/ Matters Arising	<p>The Committee Programme of Work for 2016-17 was reviewed and the following additional items were agreed:</p> <ul style="list-style-type: none"> • Migration Evaluation (May meeting). • Health & Safety Quarterly Reports to be include by period (ie Aug-Oct) at appropriate meetings. • Actual Utility Consumption (currently included in NPD report). FS to consider as a separate update report once per year. 		
Decision/Noted	To approve the Programme subject to agreed additional items.		

Item FPRC1-6		Financial Plan 2016-17	
Paper No: FPRC1-D	Lead: S Thompson	Action requested: Approve	
Discussion/ Matters Arising	<p>The College Financial Budget for 2016-17 and latest projections were reviewed. The budget for the period 1 August 2016 to 31 July 2017 now projects a deficit of £53k. The reduced deficit was welcomed by the Committee. However members requested additional information on the steps to be taken to reach a balanced budget by the year end. The various principles of the budget assumptions and possible changes were discussed ie staffing costs, investment income and receipt of additional income through non-availability of change. It was suggested that in order to have a clear risk profile of the budgetary position, the various categorised assumptions should be brought together and RAG rated.</p> <p>The main impact of incorporation of FRS 102 accounting standard was highlighted in particular grants from the Foundation. These were previously classified as Deferred Capital Grants (in the balance sheet) and will now be released to the Income & Expenditure Account.</p> <p>ST provided a detailed review of the income and expenditure categories for the financial year. It was recognised that 2015-16 was the first financial year reported under the new standard however the 2014-15 accounts were</p>		

	reported and published as normal before 31 July 2016 and will be restated under the new FRS 102 standard. It was agreed that inclusion of the normal accounting projection within the Income and Expenditure Account would no longer be required.
Decision/Noted	To approve the Financial Budget for 2016-17 with the caviate that a balanced budget be meet by the year end. Updates on in-year variances will be reported. To include RAG rated assumptions profile within future reports.

Item FPRC1-7	Strategic Risk Review	
Paper No: FPRC1-E	Lead: P Clark	Action requested: Approve
Discussion/ Matters Arising	The Finance & Physical Resources risks were reviewed. The revised risk matrix (5x5 from 3x3) has now been fully incorporated.	
Decision/Noted	To approve the relevant Risks as detailed in the Management Action Plans.	

Item FPRC1-8	NPD Delivery Report	
Paper No: FPRC1-F	Lead: J Carson	Action requested: Discuss
Discussion/ Matters Arising	<p>JC updated members on the progress of the delivery of the New Campus during construction which is now into the operational phase for both Riverside and City Campuses. The following matters were highlighted:</p> <ul style="list-style-type: none"> • In general, Health and Safety reporting has improved over the previous period with minor operational issues being managed. • City Campus was formally handed over on 22 August 2016. A temporary Occupancy Certificate was received during the proceeding week with the Permanent Certificate to be issued on completion of external works. The College has accepted a number of clearly specified and time-bound derogations to the completion criteria. A roadmap to completion has been agreed and progress meetings are being taken regularly. • A detailed schedule of snagging is being maintained with GLQ. A few areas with more significant incomplete works are been pressed for completion particularly in teaching areas. The College has advised that availability deductions will be applied as appropriate for all incomplete spaces from 22 08 16. • Teaching commenced week beginning 05 09 16 however as previously advised, some inconvenience with respect to incomplete facilities is being experienced. This is being closely managed. • The College is now preparing for City Phase 2 works associated with the demolition of the Townhead Building. • Riverside Campus has been shortlisted for the prestigious RIAS Doolan Award and RIBA Stirling Prize. <p>The Committee congratulated JC and her team on the significant amount of work taken in order to achieve the successful delivery of the new City Campus.</p>	
Decision/Noted	To note the report.	

Item FPRC1-9		Property Disposals Update	
Paper No: FPRC1-G	Lead: J Carson	Action requested: Discuss	
Discussion/ Matters Arising	<p>JC updated the Committee on the status of the marketing and sale of the five properties confirmed as surplus.</p> <p>Rogart and Dornoch Street The sale of both Rogart and Dornoch Street will be completed once the College provides vacant possession which is expected on 28 October 2016.</p> <p>Florence Street Following the default of the initially appointed preferred purchaser, Florence Street has now been remarketed. Eight offers were received and negotiations are ongoing with the highest ranked bidder. It is hoped that the sale will still be complete by 28 October 2016.</p> <p>North Hanover Street (NHS) Progress toward an acceptable design for the existing building is slow, in particular the retention or replacement of the podium element which has yet to gain approval from the planning department. Study Inn are in discussion with a newly appointed architectural design team in order to agree a revised programme for planning consent. Continuation with Study Inn will be considered within the next 6 weeks.</p> <p>Charles Oakley Building (COB) Achievement of an acceptable design with regard to the alignment of internal partitions and the fenestration and the size and layout of a proposed new building to the north of the site is ongoing.</p> <p>Planning approval for both NHS and COB is unlikely to be achieved prior to next summer. Management for the upkeep and maintenance of the buildings is being considered. A formalised record of any costs will be maintained.</p>		
Decision/Noted	To note the update report.		

Item FPRC1-10		Residual Value Project	
Paper No:	Lead: F Samara	Action requested: Discuss	
Discussion/ Matters Arising	<p>FS advised that to date, a total of two auctions have been undertaken at Rogart Street and Townhead Building. The current total revenue attained was noted as approximately £125k. A further two auctions were postponed due to access and asbestos issues which are being fully managed. These auctions will now be held during October and November.</p>		
Decision/Noted	To note the update.		

Item FPRC1-11		ICT Progress Report	
Paper No:	Lead: F Samara	Action requested: Discuss	

Discussion/ Matters Arising	<p>FS advised that phased migration of staff was undertaken during w/c 22 08 16. This was well supported and feedback to date has been extremely positive.</p> <p>As previously advised, a number of derogations to the completion criteria were accepted without complete finalisation. The application of penalties under the availability and performance criteria set within the agreed contract is being considered.</p> <p>Snagging issues, both simple and complex continue to be rectified at approximately 500 per day. GLQ are being given access outwith core times to allow completion off of open snags. Snagging meetings are being undertaken daily.</p> <p>The thin client solution is working well with 177 printing devices being deployed. The wireless upgrade at the City Campus has also been successfully completed.</p> <p>Promotion of the facilities as a venue to host internal and external events is being explored.</p>
Decision/Noted	To note the update.

Item FPRC1-12	Health and Safety Quarterly Report	
Paper No: FPRC1-H	Lead: F Samara	Action requested: Discuss
Discussion/ Matters Arising	Consultation with the fire service regarding property protection of the undisposed sites will be undertaken. Redcare lines within the properties are being maintained and are still active.	
Decision/Noted	The Health and Safety Reports for periods 1 May – 30 June and 1 July – 31 August 2016 were noted.	

Item FPRC1-13	Credits (WSUMs) 2015-16 Update	
Paper No: FPRC1-I	Lead: S Thompson	Action requested: Discuss
Discussion/ Matters Arising	<p>Members noted that the College has successfully delivered slightly above the increased SFC Credit target for 2015-16. These figures are still subject the audit and are due to be submitted to SFC by 14th October 2016.</p> <p>The College is projecting to deliver 177 811 Credits for 2016-17. This is only 327 Credits above the SFC target of 177 484 Credits. ST reported that following a SFC Funding Review Group meeting today, a more robust and transparent process for reallocation of Credits across the sector will be put in place. The SFC has requested update in year projections to ensure overall Credits are being met nationally. Delivering additional Credits provides the possibility of additional funding being provided during the year.</p>	
Decision/Noted	To note the planned Credits projection.	

Item FPRC1-14	SFC Resource Returns 2015-16 and 2016-17	
Paper No:	Lead: S Thompson	Action requested: Discuss

FPRC1-J	
Discussion/ Matters Arising	ST explained that the College is required to provide resource returns to the SFC on a regular basis throughout the financial year. At the year end the College must produce a minimal surplus and only spend capital funded by SFC grant, foundation grant or other external source. The reported resource return for 2015-16 shows a small surplus of 213k. The return for 2016-17 including SFC income shows a small surplus of 201k. SFC are now monitoring the planned use of the College cash generated equivalent to the net depreciation and are unlikely to allow most of these funds to be transferred to the College Foundation in march 2017. The College is currently planning to use net depreciation to fund the staff pay rise.
Decision/Noted	To note the content of the report.

Item FPRC1-15	New Campus 2 Strategic Business Case Update	
Paper No: FPRC1-K	Lead: J Carson	Action requested: Discuss
Discussion/ Matters Arising	<p>The Committee noted the SFC response in relation to the submission of the New Campus 2 Strategic Business Case for a second phase of development at the Riverside Campus. SFC advised initially that the Scottish Government were undertaking a policy review with respect to the use of disposal receipts across the sector. A further request for a more modest sum of £45 000 (to be offset against future proceeds of disposals) was submitted pending a final outcome. A response from the SFC was received on 23 08 16 advising that they were unable to vary the original grant conditions at this stage and the proposition to take forward further procurement and design activities was not currently supported.</p> <p>PL confirmed that alternative funding solutions are being considered and will be pursued with the SFC.</p> <p>Confirmation that ongoing revenue costs will be written off though disposal proceeds will be sought.</p>	
Decision/Noted	To note the update.	

Item FPRC1-16	College Foundation Update	
Paper No: FPRC1-L	Lead: S Thompson	Action requested: Discuss
Discussion/ Matters Arising	<p>The Committee noted the update on the recent applications to the College Foundation. Two separate applications were made in July 2016 for the College Symposium and New Campus resources. A reduced funding offer for New Campus resources has been accepted with a revised application for the College Symposium being resubmitted. A formal offer of grant is awaited.</p>	
Decision/Noted	To note the update report.	

Item FPRC1-17	Financial Forecast Return (FFR) 2016	
Paper No: FPRC1-M	Lead: S Thompson	Action requested: Discuss

Discussion/ Matters Arising	Linked to the Audit Scotland Report recommending a minimum of 5 year Financial Forecasts discussions have taken place with SFC and the option to extend the Financial Forecasting Return to a 5 year period is being considered.
Decision/Noted	To note the 2016 Financial Forecast Return.

Item FPRC1-18	SFC Accounts Direction Update	
Paper No: FPRC1-N	Lead: S Thompson	Action requested: Discuss
Decision/Noted	To note the update on the recently issues SFC Accounts Direction.	

Item FPRC1-19	Cashflow Report August 2016	
Paper No: FPRC1-O	Lead: S Thompson	Action requested: Discuss
Decision/Noted	To note the content of the report.	

Item FPRC1-20	Budget Report Academic Year 2015-16	
Paper No: FPRC1-P	Lead: S Thompson	Action requested: Discuss
Decision/Noted	To note that for the 12 months to the 21 July 2016 the College underlying operating surplus is £162 000 compared to the budgeted operating surplus of £336 000.	

Item FPRC1-21	Strathclyde Pension Fund Valuation at 31 July 2016	
Paper No: FPRC1-Q	Lead: S Thompson	Action requested: Discuss
Decision/Noted	To note the Strathclyde Pension Fund valuation.	

Item FPRC1-22	Any Other Notified Business	
Paper No:	Lead: K Kelly	Action requested: Discuss
Decision/Noted	None.	

Item FPRC1-23	Disclosability of Papers	
Paper No:	Lead: P Clark	Action requested:
Decision/Noted	To note that papers FPRC1-A, FPRC1-D, FPRC1-F, FPRC1-G, FPRC1-I, FPRC1-J, FPRC1-L, FPRC1-M, FPRC1-O and FPRC1-P were non disclosable.	

Item FPRC1-24	Date of Next Meeting	
Paper No: FPRC1-N	Lead:	Action requested: Note
Decision/Noted	Wednesday 23 November 2016	

The meeting closed at 1920 hours.

Convener's Signature _____

Date _____

ANNEX TO THE MINUTE

ACTION POINTS ARISING FROM THE MEETING

Item	Description	Owner	Target Date
FPRC1-3	Matters Arising: Voluntary Registration: Seek confirmation from SFC that cost will be offset from disposal proceeds.	ST/JC	ASAP
FPRC1-4	Committee Annual Report: Update as agreed.	PC	ASAP
FPRC1-5	Committee Programme of Work: Update as agreed.	PC	ASAP
FPRC1-6	Financial Plan 2016-17: Include RAG rates assumptions in future reports.	ST	ASAP
FPRC1-15	NC2 SBC Update: Seek confirmation that ongoing revenue costs will be written off through disposal proceeds (as per FPRC1-3)	ST/JC	ASAP

ACTION POINTS ARISING FROM PREVIOUS MEETINGS

Item	Description	Owner	Target Date
FPRC5-3	Matters Arising - Services Agreement: Submit quarterly reports.	FS	Ongoing Closed
FPRC5-4	Property Disposal Programme: Proceed with remarketing Florence Street property.	JC/IM	ASAP Complete
FPRC5-4	Property Disposal Programme: Complete negotiations on value of Dempster Street prior to 30 June 2016	JC/IM	30 06 16 Complete
FPRC5-5	New Campus 2: Strategic Business Case: Circulate complete document to the Committee.	JC	ASAP Complete
FPRC5-5	New Campus 2: Strategic Business Case: Pursue approval in principle from SFC.	JC/IM	ASAP Complete
FPRC5-11	NPD Delivery Report: Provide Committee with regular updates throughout the summer period.	JC	Ongoing Complete
FPRC5-12	Financial Plan 2015-16: Circulate updated foundation application to Committee.	ST	ASAP Complete
FPRC5-14	Financial Plan 2016-17: Submit updated Plan for approval at next meeting of Board with additional information as requested.	ST	15 06 16 Complete