

Board of Management

Meeting of the Finance & Physical Resources Committee

MINUTE OF 3rd MEETING HELD ON 1 FEBRUARY 2017 AT 1700 HRS (FPRC3)

Present	
Karen Kelly (KK) (Convener)	Robert Morrison (RM)
Tracey Howe (TH)	Stuart Patrick (SP)
Paul Little (PL)	Lesley Woolfries (LW)
In attendance	
Janis Carson (JC)	Stuart Thompson (ST)
Paul Clark (PC)	
Fares Samara (FS)	Michelle Brand (MB)
Alex Stewart (AS)	Ann Butcher (Minute)
Apologies for absence	

PL updated members on his attendance at the recent Glasgow Colleges Group meeting. A report providing a summary of the Regional Funding Model, showing elements within the main teaching grant model plus other grants, was submitted for consideration. The various issues and status of progressing these will be agreed by the GCG Principals Groups. The funding announcement to the Region is anticipated in mid-February; thereafter individual College allocations will be created using the proposed Model or an alternative if this cannot be agreed.

Item FPRC3-1	Apologies for Absence	
Paper No:	Lead: K Kelly	Action requested: Note
Decision/Noted	There were no apologies.	

Item FPRC3-2	Declarations of Interest	
Paper No:	Lead: K Kelly	Action requested: Note
Decision/Noted	There were no declarations of interest.	

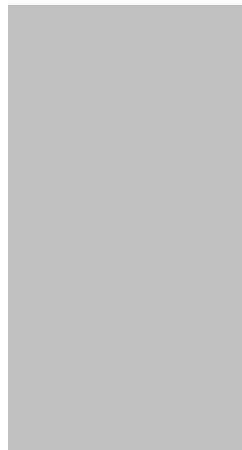
Item FPRC3-3	Minute of Previous Meeting held on 23 November 2016	
Paper No: FPRC3-A	Lead: K Kelly	Action requested: Approve
Decision/Noted	The minute of the meeting was approved subject to one minor amendment.	

Item FPRC3-4	College Course Fees 2017-18	
Paper No: FPRC3-B	Lead: S Thompson	Action requested: Approve
Discussion/	ST highlighted the proposed basis for calculating the College's course fees	

Matters Arising	<p>for the SFC fundable activity for 2017-18. The proposed increase to most part-time fees of approximately 2.5% on the 2016-17 level recognises the general economic climate, inflation and College costs. It was noted that within the SFC main grant, full time fees for 2017-18 will be likely to remain at the 2016-17 rates. It is anticipated that the increase will have a minimal negative impact on student recruitment.</p> <p>Course fees for all full cost commercial activity, part time international activity and international partnership activity will be determined by the Executive Director Corporate Development & Innovation.</p>
Decision/Noted	To approve the minimum course fee rate.

Item FPRC3-5	College Student Accommodation Charges 2017-18	
Paper No: FPRC3-C	Lead: S Thompson	Action requested: Approve
Discussion/ Matters Arising	<p>ST highlighted the proposed price increases of a minimum of 2.5% (rounded to pounds) for St Luke's and the new Thistle Street building. These rates were considered competitive compared to rival accommodation providers, and the impact on students was not considered significant.</p> <p>Members noted that the landlord of the St Luke's facility is currently in administration. Some concern was raised with regard to any possible financial bearing on the College. FS advised that the College currently holds a lease agreement (which identifies what the College will pay to owners) until 2035. Historically the facility has run at no additional cost to the College and no significant financial impact was foreseen. FS did however stress that the Management Agreement has now lapsed which may have an impact on staffing. This is currently being managed and a risk profile is being forecast.</p>	
Decision/Noted	<ul style="list-style-type: none"> • To approve the Student Accommodation Charges for 2017-18. • To provide a separate update report on the Accommodation Facilities, including occupancy levels, income & expenditure and profit. 	

Item FPRC3-6	NPD Delivery Report	
Paper No: FPRC3-D	Lead: J Carson	Action requested: Discuss
Discussion/ Matters Arising	<p>JC updated members on the following matters:</p> <ul style="list-style-type: none"> • Two Health and Safety incidents have been recorded and relevant actions have been taken to avoid recurrence. • Seven outstanding derogations remain and are under close management. Resolution of snagging has been slow, with further delays relating to a legal matter with a sub-contractor. This has now been resolved. Application of performance deductions to snagging items as appropriate is still being progressed. • A delay of 9 weeks has been reported with regard to the demolition of the Townhead building. This is due to extensive asbestos being discovered and a plan for removal is being agreed. Members were reminded that the College agreed full risk transfer for asbestos removal to GLQ. 	



- Phase 5 completion certificate has yet to be authorised for Riverside Campus. This delay is in relation to an As Built Energy Audit.
- The Project remains on track to be delivered within budget. The significant movement in contingency accounts for additional IT and specialist equipment.
- A review of all remaining Risks has been undertaken with 11 risks transferred to the College Risk Register. Two residual risks related to the NPD Project will remain on the Project Risk Register until the end of the Project.
- The Committee noted that the Project achieved BREEAM (2008) 'Excellent' for Riverside Campus and BREEAM (2011) 'Very Good' for the Halls of Residence.

Decision/Noted

- To note the report.
- To approve the revised Risk Register.
- To provide a report setting out recommendations for post occupancy evaluation and gateway reviews.

Item FPRC3-7 Property Disposals Update

Paper No: FPRC3-E	Lead: J Carson	Action requested: Discuss
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Discussion/
Matters Arising

JC updated the Committee on the status of the property disposals programme.

Rogart Street

The sale was concluded and property handed over on 16 November 2016.

Dornoch Street

The sale was concluded and property handed over on 14 November 2016.

Florence Street

Dialogue between Anderson Strathearn and the buyer's legal team regarding the Lands of Langside (LoL) issue has continued. As the chance of a successful challenge is unlikely, it has been agreed that negotiation to compensate LoL would be inappropriate. Legal advice is to seek a position where the College could offer an indemnity to the buyer. Permission of this offer has been sought from the SFC who have since advised that whilst a positive recommendation is likely, they now require to consult with the Scottish Government. JC will further pursue this matter with the SFC this week.

The College will also seek confirmation from the SFC that any legal expenses incurred would be deducted from the proceeds of sale.

North Hanover Street (NHS) and Charles Oakley Building (COB)

An agreed set of parameters for the scale and massing of any new buildings developed on sites north of the NHS and CoB buildings has been undertaken with cooperation with the City Council.

Following further market analyses, Study Inn (SI) have reviewed the development options of both sites. The preferred option for NHS is now for the building to be converted to a hotel, with the existing CoB building to be converted to student residential accommodation.

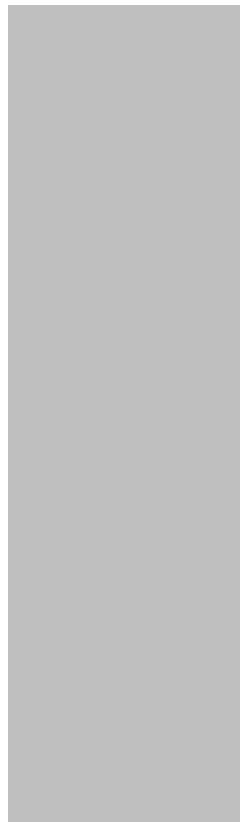
	The College's view, shared by SFT and Ryden, consider SI's proposals to be deliverable. However the need to ensure that SI bring forward financial evidence required for due diligence of their proposals has been recognised, and will be pursued with an ultimate final decision point required by the end of March.
Decision/Noted	<ul style="list-style-type: none"> To note the update report. To provide an update report at the next meeting with a recommendation to progress or return to the market. To agree that representatives from the SFT and Ryden be in attendance at the next meeting to address this item.

MB left the meeting at this time.

Item FPRC3-8		Financial Plan 2016-17	
Paper No: FPRC3-F	Lead: S Thompson	Action requested: Discuss	
Discussion/ Matters Arising	<p>ST provided a brief review of the College Financial Budget for 2016-17 including the main funding categories and budget assumptions. The budget for the period 1 August 2016 to 31 July 2017 now projects a surplus of £279k.</p> <p>The key financial performance outcomes were also reviewed. The College is meeting all plans for capital expenditure but this is slightly below budget. The course fees are also below budget due to under recruitment of FT HE and other SFC fundable fees. Additional credits on FT FE courses are being added to address the shortfall. The decrease in operating expenses is mainly due to the impact of the new campus unitary charge accounting treatment.</p> <p>ST further advised on Audit Scotland's agreed recommendation to set long term financial plans for a period of 5 years. This will include best, worst, and most likely scenario planning. A draft will be presented at the next meeting of the Committee.</p>		
Decision/Noted	<ul style="list-style-type: none"> To note the report. To provide a draft 5 year Financial Plan at the next meeting. 		

Item FPRC3-9		Resource Return Financial Year 2016-17	
Paper No: FPRC3-G	Lead: S Thompson	Action requested: Discuss	
Discussion/ Matters Arising	The resource return for 2016-17 shows a small surplus of 219k.		
Decision/Noted	To note the content of the report.		

Item FPRC3-10		Facilities Management Report	
Paper No: FPRC3-H	Lead: F Samara	Action requested: Discuss	
Discussion/ Matters Arising	<p>FS advised members on the following:</p> <ul style="list-style-type: none"> The staffing structure for Contract Management is being finalised for approval by ELT. 		



- The number of defects (and other issues) logged at City Campus are proving challenging for GLQ to rectify within contractual timeframes. Relevant deductions have been agreed on a monthly basis and were noted.
- Management of agreed derogations (8 outstanding) and completion of snags (207 outstanding) is ongoing.
- The management and values of required changes were also noted for information. Assessment of possible malicious damage is also undertaken.
- With the exception of Gas at City Campus, consumption is generally on target. The budget projections were reviewed.
- The various energy saving initiatives were noted.

FS updated the Committee on the performance requirements of the Bio-Diesel tanks which have not been met at both City and Riverside Campuses. The diesel at City has solidified and remedial works which will require both tanks to be drained, cleaned, checked, tested and refilled are being costed. Once complete the bio-diesel engines will be recommissioned. A legal challenge against the fuel provider is being established.

Members commended the format and level of detail contained within the report.

Decision/Noted

- To note the content of the report.
- To provide budget figures and previous year usage to the consumption and budget projections.
- To provide a further update on the bio-diesel issue at the next meeting.

Item FPRC3-11 ICT Progress Report

Paper No: FPRC3-I	Lead: F Samara	Action requested: Note
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Decision/Noted	To note the content of the report.	
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Item FPRC3-12 Quarterly Health & Safety Report

Paper No: FPRC3-J	Lead: F Samara	Action requested: Note
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Discussion/ Matters Arising	The role of H&S Compliance Manager has now been appointed and will commence in the next few weeks.	
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Decision/Noted	<ul style="list-style-type: none"> • To note the content of the report. • To agree that the report be submitted for discussion at all future meetings. 	
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Item FPRC3-13 Credits 2016-17 Update

Paper No: FPRC3-K	Lead: S Thompson	Action requested: Note
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Decision/Noted	To note the planned Credits actual for 2015-16, projection 2016-17 and the Glasgow Regional comparison.	
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Item FPRC3-14	Cashflow Report January 2017	
Paper No: FPRC3-L	Lead: S Thompson	Action requested: Note
Decision/Noted	To note the content of the Report.	

Item FPRC3-15	Budget Report Academic Year 2016-17	
Paper No: FPRC3-M	Lead: S Thompson	Action requested: Note
Decision/Noted	To note the summary of the College's 2016-17 Income & Expenditure Account and Balance Sheet up to 31 July 2017.	

Item FPRC3-16	Any Other Notified Business	
Paper No:	Lead: S Thompson	Action requested: Note
Decision/Noted	None.	

Item FPRC3-17	Disclosability of Papers	
Paper No:	Lead: P Clark	Action requested:
Decision/Noted	To note that papers FPRC-A, FPRC-C, FPRC-D, FPRC-E, FPRC-F, FPRC-G, FPRC-H, FPRC-I, FPRC-K, FPRC-L and FPRC-M, were non-disclosable.	

Item FPRC3-18	Date of Next Meeting	
Paper No:	Lead:	Action requested: Note
Decision/Noted	Wednesday 22 March 2017	

The meeting closed at 1915 hours.

Convener's Signature _____

Date _____

ANNEX TO THE MINUTE

ACTION POINTS ARISING FROM THE MEETING

Item	Description	Owner	Target Date
FPRC3-5	College Student Accommodation Charges 2017-18: Provide separate update report on Accommodation Facilities.	FS/ST	22 03 17
FPRC3-6	NPD Delivery Report: Provide a report setting out recommendations for post occupancy evaluation and gateway reviews.	JC	22 03 17
FPRC3-7	Property Disposals Update: Provide update report with recommendations to progress or return to market.	JC	22 03 17
FPRC3-8	Financial Plan 2016-17: Provide a draft 5 Year Financial Plan.	ST	22 03 17
FPRC3-10	Facilities Management Report: Provide budget figures and previous year usage.	FS	22 03 17
FPRC310	Facilities Management Report: Provide update on bio-diesel issue.	FS	22 03 17

ACTION POINTS ARISING FROM PREVIOUS MEETINGS

Item	Description	Owner	Target Date
FPRC2-4	Annual Report & Accounts 2015-16: Provide additional narrative on impact of new accounting standards within Introduction.	ST	ASAP Complete
FPRC2-5	NPD Delivery Report: Provide FM reportage as a separate report.	JC/FS	01 02 17 Complete
FPRC2-5	NPD Delivery Report: Circulate summary of risk report.	JC	ASAP Complete
FPRC2-5	NPD Delivery Report: Provide updated risk report including clarity on overall RAG scoring.	JC	01 02 17 Complete
FPRC1-3	Matters Arising: Voluntary Registration: Seek confirmation from SFC that cost will be offset from disposal proceeds.	ST/JC	Ongoing
FPRC1-6	Financial Plan 2016-17: Include RAG rates assumptions in future reports.	ST	01 02 17 Complete
FPRC1-15	NC2 SBC Update: Seek confirmation that ongoing revenue costs will be written off through disposal proceeds (as per FPRC1-3)	ST/JC	Ongoing