

Board of Management

Meeting of the Finance & Physical Resources Committee

MINUTE OF 4th MEETING HELD ON 12 APRIL 2017 AT 1700 HRS (FPRC4)

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

Item FPRC4-1	Apologies for Absence	
Paper No:	Lead: K Kelly	Action requested: Note
Decision/Noted	Apologies were received from TH, PL, SP.	

Item FPRC4-2	Declarations of Interest	
Paper No:	Lead: K Kelly	Action requested: Note
Decision/Noted	There were no declarations of interest.	

Item FPRC4-3	Minute of Previous Meeting held on 1 February 2017	
Paper No: FPRC4-A	Lead: K Kelly	Action requested: Approve
Decision/Noted	Item 3-5 – note that the St Luke's lease runs out in 2035 not 2025. Actions: 1-3 is complete. 1-15 delete "through disposal proceeds" and close the action.	

Item FPRC4-4	Strategic Risk Review	
Paper No: FPRC4-B	Lead: P Clark	Action requested: Approve
Discussion/ Matters Arising	Risk 5: PC/JC – Committee agreed change of wording of risk to: "Failure to complete the project programme to schedule" with a lower impact and likelihood. It was noted that the other risks transferred to the College from the Project Risk Register are operational and covered by Finance and Infrastructure operational plans.	
	Risk 18: ST Agreed that the mechanism and process for grant funding is still	

	being developed, and there remains a risk associated with capital allocation.
	Agreed to review the wording of this risk to reflect the current position, eg. "Implications of the funding model on the College".
Decision/Noted	Approved

Item FPRC4-5 Procurement Strategy 2016-2020	
Paper No: FPRC4-C	Lead: S Thompson Action requested: Approve
Discussion/ Matters Arising	<p>ST introduced the requirement under legislation for a Procurement Strategy, and referred to the December audit under the Procurement and Commercial Improvement Plan, for which the College achieved the gold standard.</p> <p>The Strategy framework is standard and incorporates elements of the College's strategic planning, including the Sustainability Strategy, and reflecting financial regulations. ST noted that there is an ongoing issue with regard to procurement compliance, and ST will report on non-compliant spending to the Board in June. It was recognised that non-compliance represented the highest level strategic risk.</p> <p>JC noted the high standard of procurement management in the College, commending the staff involved.</p> <p>ST referred to the Regional Strategy Team, and the Regional Steering Group, with representation from all 3 Glasgow colleges.</p> <p>The strategy is thereby reviewed on a regional basis.</p> <p>SMT have recommended the Strategy to the Committee for approval.</p>
Decision/Noted	Approved Action: Report on non-compliant spending to the Board (ST - June 2017)

Item FPRC4-6 Property Disposals Update	
Paper No: FPRC4-D	Lead: J Carson Action requested: Approve
Discussion/ Matters Arising	<p>The Committee noted that this matter had been discussed at the non-quorate meeting on 22 March 2017, and a note of this meeting had been circulated to Committee members for approval of the recommendations. The Committee noted and agreed that appropriate approval had been obtained by email following this meeting.</p> <p>JC provided a verbal update, noting progress in refreshing the contract on a legal basis.</p> <p>Regarding the disposal of the Florence St. building, the Committee noted that permission has been secured to offer an indemnity against any successful claim from (e.g.) Lands of Langside. It is anticipated that missives will be concluded next week.</p>
Decision/Noted	Approved and noted

Item FPRC4-7 NPD Delivery Report	
Paper No: FPRC4-E	Lead: J Carson Action requested: Discuss
Discussion/ Matters Arising	<p>JC reported that there was little new of significance to report, and that much of the content has been superceded or will transfer to the College infrastructure reportage.</p> <p>JC highlighted the conclusion of settlement with GLQ with regard to missing, broken etc items.</p> <p>There are some remaining issues relating to the demolition and landscaping operations, which are being progressed.</p> <p>Regarding Riverside there are issues to conclude regarding the independent tester's reportage.</p>
Decision/Noted	Noted

Item FPRC4-8 Post Occupancy Evaluation	
Paper No: FPRC4-F	Lead: J Carson Action requested: Discuss
Discussion/ Matters Arising	<p>JC reported that this evaluation is a condition of grant. 1st Phase Riverside evaluation has been completed successfully. The more detailed functional review at Riverside is still to be completed in May, and a detailed operational review at City will be conducted in September 2017.</p> <p>BRE to meet with CoGC staff regarding outstanding issues (e.g. re. temperature control etc.). A strategic review will be undertaken within 3-5 years.</p> <p>The exercise will inform major infrastructure projects in future.</p>
Decision/Noted	Noted.

Item FPRC4-9 Committee Terms of Reference	
Paper No: FPRC4-G	Lead: P Clark Action requested: Discuss
Discussion/ Matters Arising	<p>The Committee agreed to amend point 8 to read: “ “to receive and discuss health and Safety reports of the College’s operation...”</p> <p>The Committee also agreed to add: “To receive and discuss College procurement reports”</p>
Decision/Noted	<p>Action: PC/ST to revise ToRs. PC to circulate tracked change version for consideration and approval at the next meeting.</p> <p>Action: PC to seek BoM approval for Board Committee oversight of the College’s five delivery Strategies as proposed at SMT. (June 2017)</p>

Item FPRC4-10 Health & Safety Report 1 Jan – 28 Feb 2017	
Paper No: FPRC4-H	Lead: F Samara Action requested: Discuss
Discussion/ Matters Arising	<p>FS reported that there is now more clarity of reportage given the simplification of locations.</p> <p>A claim has been received under RIDDOR, and referred to the College's insurers which will be forwarded to GLQ insurers in due course.</p> <p>FS has met with VPSE, FD, and the H&S Officer regarding an infection incident involving a student in the food/hospitality area. An inspection of the area is to be carried out by NHS staff in the next 2 weeks to ensure there is no source of infection. This matter will be included in the next H&S Report.</p>
Decision/Noted	Noted

Item FPRC4-11 Facilities Management Report	
Paper No: FPRC4-I	Lead: F Samara Action requested: Discuss
Discussion/ Matters Arising	<p>FS reported that a new H&S Compliance Manager will start later this month.</p> <p>FS reported on contractual non-performance and commensurate deductions which the College had applied. An approximate value has been agreed with McAlpine.</p> <p>FS also reported on the low and medium changes which are the subject of ongoing monitoring and review.</p> <p>FS highlighted the consumption and cost of utilities which are currently on target. It was noted that, without a baseline for City, this projection is estimated. Efficiencies etc are monitored via CHP (Combined Heat and Power program).</p> <p>JC suggested that from August, responsibilities will be clearer.</p> <p>ST reported that property rates are increasing significantly for the new College estates, which the College is challenging. Also, the projected cost of biodiesel is £1m, whereas the total budget for fuel is £1.1m.</p> <p>FS reported on current discussions with Tesla (the car production and energy storage company) to store excess energy via new battery technology.</p>
Decision/Noted	

Item FPRC4-12 Halls of Residence Overview of Operations	
Paper No: FPRC4-J	Lead: F Samara Action requested: Discuss
Discussion/ Matters Arising	<p>FS reported that occupancy rates are very high.</p> <p>It was noted that St Luke's has now been sold. The College has a lease agreement until 2035, which constitutes a liability to the College, with a 5 year period of notice of conclusion required (cost: £700,000 per year, with</p>

	<p>additional costs such as staffing). The College has met with the new owners.</p> <p>The only risk to the College may be that if the new owners wish to manage the property themselves, then new roles would need to be identified for dedicated management staff employed by the College.</p> <p>LW suggested that a background check be undertaken on the new owners, in the interests of due diligence. ST indicated that procurement staff are experienced in such matters, and will undertake to conduct this process. The Committee agreed that this would be a worthwhile process.</p>
Decision/Noted	<p>Conduct background check on new owners of St Luke's (ST).</p> <p>Noted</p>

Item FPRC4-13 Financial Plan 2016-17	
Paper No: FPRC4-K	<p>Lead: S Thompson Action requested: Discuss</p>
Discussion/ Matters Arising	<p>ST indicated that the plan included an update on key finance figures and significant changes since the previous report. The underlying position is that the underlying surplus has increased to £297,000. However the conclusion of national bargaining represents a considerable strategic threat to financial sustainability. ST will present a paper to the Board on national bargaining and its implications.</p> <p>While the underlying position is healthy, the position is subject to change.</p>
Decision/Noted	<p>Noted Paper on National Bargaining to be presented to the Board (ST)</p>

Item FPRC4-14 Long Term Financial Planning	
Paper No: FPRC4-L	<p>Lead: S Thompson Action requested: Discuss</p>
Discussion/ Matters Arising	<p>KK indicated that the plan forecasts under three models – optimistic, realistic, and pessimistic, each involving a series of assumptions and possible consequences. The plan is the first version of a five-year plan following a recommendation from Audit Scotland.</p> <p>Following further consideration by the Committee, this plan will be refined and presented to the Committee and the Board in the coming months.</p> <p>The Committee was invited to consider the assumptions and consequences. It was noted that there are many variables and unknowns, including the future approach of GCRB in the allocation of funding. It was recognised that much depends upon commercial development, however the College's track record in this area in recent years has not been as successful as hoped. It was recognised that commercial/International development has become more central to the College's future financial sustainability.</p> <p>ST advised that the College's teaching hours per course are among the highest in the sector, so there may be some flexibility in this area.</p>

	<p>The Committee discussed the various models for further development of the plan, and the framework of considerations to include. It was recognised that the challenging aspect will be the development of mitigation strategies. ST will include sections on the impacts of each scenario, especially the realistic and pessimistic forecast.</p> <p>KK noted that the Development Committee is overseeing targets which closely relate to these scenarios, so there needs to be a relationship between the Committees' considerations.</p> <p>It was noted that Brexit and potential Scottish independence could have a potentially serious negative impact on public spending, and that none of the scenarios takes account of these considerations.</p> <p>ST highlighted the potential change in the dynamic of SFC funding, which may be a benefit to the College.</p> <p>It was agreed that since mitigation would be a college-wide approach, this item should go to PRNC to enable cross-committee oversight.</p>
Decision/Noted	Action: Include this item on the agenda for the next PRNC 8 th May. ST to update paper for PRNC on 8th May. (ST)

Item FPRC4-15 Resource Return Financial Year 2016-17	
Paper No: FPRC4-M	Lead: S Thompson Action requested: Discuss
Discussion/ Matters Arising	AS reported that a small resource return surplus is reported at £263k for 2016-17, and AS expressed confidence that this would be achieved.
Decision/Noted	

Item FPRC4-16 ICT Progress Report	
Paper No: FPRC4-N	Lead: S Thompson Action requested: Note
Discussion/ Matters Arising	KK reported that the report should include some potential risks in future, and take a "dashboard" approach, in recognition of the Committee's governance role.
Decision/Noted	Noted

Item FPRC4-17 Credits 2016-17 Update	
Paper No: FPRC4-O	Lead: S Thompson Action requested: Note
Discussion/ Matters Arising	
Decision/Noted	Noted

Item FPRC4-18 Cashflow Report February 2017	
Paper No: FPRC4-P	Lead: S Thompson Action requested: Note
Discussion/	This will be included in the main financial report/plan in future.

Matters Arising**Decision/Noted**

Noted. Action: include Cash Flow Report in Financial Report (ST).

Item FPRC4-19 Budget Report AY 2016-17**Paper No:
FPRC4-Q**

Lead: S Thompson

Action requested: Note

**Discussion/
Matters Arising****Decision/Noted**

Noted

Item FPRC4-20 Any Other Notified Business**Paper No:**

Lead: S Thompson

Action requested: Note

Decision/Noted

JC indicated a number of shortlist successes for the City Campus.

The Committee formally agreed to sign the final RBS Account opening forms.

Item FPRC4-21 Disclosability of Papers**Paper No:**

Lead: P Clark

Action requested: Note

Decision/Noted

PC indicated that disclosability of papers is a matter of increasing public focus, and there is an expectation of great openness. PC advised that the Board and its committees should be careful in assessing disclosability or otherwise with reference to the exemptions under FOISA.

ST pointed to the impact on Board papers across the sector, which tend to be more bland when it is known that these will be published. PC highlighted the exemption under the Act which enables non-disclosability in cases where it may be “prejudicial to the conduct of public affairs” (Section 30)

Item FPRC4-22 Date of Next Meeting**Paper No:**

Lead:

Action requested: Note

Decision/Noted

Wednesday 31 May 2017

The meeting closed at 19.15hrs

Convener’s Signature _____

Date _____

ANNEX TO THE MINUTE

ACTION POINTS ARISING FROM THE MEETING

Item	Description	Owner	Target Date
FPRC4-4	Strategic Risk Review: Progress agreed changes.	PC	ASAP
FPRC4-5	Procurement Strategy 2016-2020: Report on non-compliant spending to the Board.	ST	21 06 17
FPRC4-9	Committee Terms of Reference: Revised ToRs for circulation to committee prior to approval at next meeting.	PC/ST	Prior to 31 05 17
FPRC4-9	Committee Terms of Reference: Seek Board approval for Board Committee oversight of five delivery strategies.	PC	21 06 17
FPRC4-12	Halls of Residence Overview of Operations: Conduct background check on new owners of St Luke's.	FS	ASAP
FPRC4-14	Long Term Financial Planning: Present at next meeting of PRNC.	ST	08 05 17

ACTION POINTS ARISING FROM PREVIOUS MEETINGS

Item	Description	Owner	Target Date
FPRC4-6	Property Disposals: Propose approval of recommendations	PC	06 04 17
FPRC4-6	Property Disposals: Ensure appropriate governance process.	PC	06 04 17
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
FPRC1-3	Matters Arising: Voluntary Registration: Seek confirmation from SFC that cost will be offset from disposal proceeds.	ST/JC	Ongoing
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