

Board of Management

Meeting of the Finance & Physical Resources Committee

MINUTE OF 1st MEETING HELD ON 27 SEPTEMBER 2017 AT 1700 HRS (FPRC1)

Present	
Tracey Howe (TH)	Robert Morrison (RM)
Karen Kelly (KK) (Convener)	Lesley Woolfries (LW)
In attendance	
Ewan Cameron (EC), Ryden	Alex Stewart (AS)
Paul Clark (PC) (Minute)	Stuart Thompson (ST)
Paul Lombardi (PLo), Anderson Strathern	Campbell Whyte (CW), SFT
Fares Samara (FS)	Ann Butcher (Minute)
Apologies for absence	
Megan Cartwright (MC)	Paul Little (PL)
Milea Leone (ML)	Stuart Patrick (SP)

Item FPRC1-1	Apologies for Absence	
Paper No:	Lead: K Kelly	Action requested: Note
Decision/Noted	Apologies were received from PL and ST.	

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

Item 6 was taken at this time. ST arrived during the following discussion.

Item FPRC1-6	Property Disposals Update	
Paper No: FPRC1-D	Lead: F Samara	Action requested: Discuss/Decision
Discussion/ Matters Arising	<p>FS summarised the key points of the disposal process to date. He reminded the Committee that the Study Inn (SI) presentation to Planners on 24 08 17, had not been well received in respect of the North Hanover Street (NHS) proposal; however there was support for the Charles Oakley (CoB) site proposal. SI had advised that further proposed layouts for NHS had been prepared by a new Architect – this being the fourth Architect firm engaged by SI. The Committee noted with concern that further information from SI on planners' feedback is still awaited and that all set deadlines have now been missed.</p> <p>CW from Scottish Futures Trust (SFT) informed members that the SFT have continued to meet with SI on many occasions. Whilst the company is well respected within the student residence and hotel business it was considered that the team working on this proposal was not delivering progress as</p>	

expected. CW indicated that confidence in the team's ability to handle a project of this scale was now very low, and having assessed the overall risk in the current context, suggested that the option to re-market should now be considered.

EC (Ryden) concurred that SI's overall concept was good and that their progress had improved particularly since the new, well-respected architect team had been put in place. However he added that subsequent submissions were not timeous and deadlines were now being missed. EC reported that no significant progress is currently being made, and agreed that concluding the commitment to working with the current proposals should now be considered as an option.

Members were further informed by the advisers that following the decision taken in March to continue with SI, a revised deadline request for evidence of the necessary financial resources had been set for 30 June. SI has now confirmed that a Parent Company Guarantee (PCG), as required in the original contract, would not now be provided. The advisers therefore concluded that the financial proposal now represents an increasing key risk.

PLo (Anderson Strathern) further confirmed that sufficient financial security was vague within the Contract and, at the discretion of the College, the best way to demonstrate sufficient assets was through a Parent Company Guarantee. Other mechanisms had been discussed but a PCG was deemed most straightforward.

The Committee discussed with the present advisers the possible risks associated with a withdrawal from the arrangements. It was noted that significant milestones had not been reached, in particular planning permission, and that this could be considered as a material breach. Under such circumstances the Committee was advised that the College would therefore be entitled to rescind the contract without penalty.

The Committee also considered the continued liability of ongoing running and maintenance costs of the buildings would need to be covered. Whilst this was currently being covered by the sale of other buildings, assurance would need to be sought from the SFC that they would cover all costs until NHS and CoB are finally disposed. Any remarketing costs would also need to be recovered.

The Committee discussed whether ownership of the design development to date might be retained by the College, noting that this matter would need to be clarified.

The Committee also considered the current market conditions, and the impact of this upon the current sale value of the properties.

KK and LW both queried the authority of the College to make any decision to terminate the contact. CW confirmed that the SFT have ensured that the SFC is kept fully aware of the situation through continuous dialogue. He advised that the College is the custodian of these assets and are fully in control of this decision, however it would be an expected courtesy to advise the SFC in advance of any such decision.

KK summarised the overall position. She stated that the Committee had fully considered the risks of continuing with SI and indicated member's clear loss of confidence in SI as an organisation, evidenced by repeated delays

and breaches in planning timescales and their inability to provide a PCG. Their lack of capability and capacity to deliver was also evidenced by the various changes in architecture appointments and their unwillingness to listen and adapt at planning meetings.

The Convener summarised the Committee's deliberations:

Following an update provided by the College's advisers on the progress of property disposal proposals relating to NHS and CoB buildings, the Committee noted the repeated delays, clear contract breaches, lack of progress to achieve planning, and the proposed purchasers' refusal to provide a Parent Company Guarantee which had previously been agreed. Following due consideration of the balance of potential benefits and strategic risks associated with the current disposal proposals, the Committee concluded that it was not reasonable, nor in the public interest, to provide a further extension to the contractual arrangements with the proposed purchaser, due to a lack of confidence on the part of the College's advisers, and the Committee, in the possibility of concluding the sale.

KK requested that further written confirmation on all questions raised particularly in terms of penalties incurred, ownership of current designs, continued liability of running costs and overall authority to terminate the contract should be provided if possible, in advance of the next meeting of the Board. Written confirmation of the position of the SFC should also be sought. A full mitigation strategy and action plan should also be provided.

Decision/Noted	Given the information and advice provided, and subject to written confirmation as requested, Option 2 – to end engagement with Study Inn with the option to re-market, was recommended for approval by the Board.
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EC, PLo and CW left the meeting at this time.

Item FPRC1-3	Minute of Previous Meeting held on 31 May 2017	
Paper No: FPRC1-A	Lead: K Kelly	Action requested: Approve
Decision/Noted	That the minute of the meeting held on 31 May 2017 be approved.	
Item FPRC1-4	Committee Annual Report 2016-17	
Paper No: FPRC1-B	Lead: P Clark	Action requested: Approve
Discussion/ Matters Arising	The high-level review of the activities of the Committee throughout 2016-17 was considered. Members agreed that the report should evidence that the College has met the agreed Credits delivery for 2016-17. It should also note that the revised Terms of Reference were agreed by the full Board.	
Decision/Noted	To approve the Report subject to agreed amendments.	
Item FPRC1-5	Committee Programme of Work 2017-18	
Paper No: FPRC1-C	Lead: P Clark	Action requested: Approve
Decision/Noted	That the Committee Programme of Work for 2017-18 be approved.	

Item FPRC1-7		Strategic Risk Review	
Paper No: FPRC1-E	Lead: P Clark	Action requested: Discuss	
Discussion/ Matters Arising	Members reviewed the strategic risks in relation to the Committee's areas of responsibility ie Risks 5, 14, 15-20 and 22-23. It was noted that Risks 17 and 18 have now been combined into new Risk 23. The Risk Register now includes a summary table of RAG risks in comparison with the previous 6 months.		
Decision/Noted	To note the FPRC Risks and attached Management Action Plans.		

Item FPRC1-8		NPD Delivery Report (Risk Review and Risk Register)	
Paper No: FPRC1-F	Lead: F Samara	Action requested: Discuss	
Discussion/ Matters Arising	<p>The progress reportage on the operational phase for both Riverside and City Campuses including Health and Safety, and the closing out of remaining issues was noted. FS reported that demolition and completion of Phase 4 external works is progressing well with the main car park and access road due to for completion on 6 October 2017. The anticipated overall completion date for Phase 4 is still anticipated for 11 December.</p> <p>The outstanding Risks were reviewed in detail and it was agreed that Risks 48, 72, 38, 33, 26 and 78 should all be closed and that Risks 7, 31, 68, 56 will now be operating as College risks within operational plans. Risk 16 - Change in Policy/Law, will remain open for review at the next meeting of the Committee.</p>		
Decision/Noted	<ul style="list-style-type: none"> • To further review Risk 16 at the next meeting. • To note the report. 		

Item FPRC1-9		Facilities Management Report	
Paper No: FPRC1-G	Lead: F Samara	Action requested: Discuss	
Discussion/ Matters Arising	<p>FS provided a brief overview of the report. The following matters were particularly highlighted:</p> <ul style="list-style-type: none"> - The overall number of reactive maintenance events are reducing as expected. A total of approximately £1m in deductions has been secured to date. The multi-party process involved in agreeing monthly deduction levels continues to be time-consuming and by way of clearing backdated reports, the College has proposed an uplift of 10% on initial figures from January to June 2017. This has yet to be agreed. - The bio-diesel engines at City and Riverside and now fully operational. A request for financial contribution from the fuel supplier is being considered through Scottish Fuel. Due to overall cost, the systems are currently running at minimum level. - An operational help desk graph analysis will be provided within the next report 		

Decision/Noted To note the update report.

A Barron (Board of Management Chair) joined the meeting during the following discussion.

Item FPRC1-10 Health & Safety Report 1 April to 31 July 2017	
Paper No: FPRC1-H	Lead: F Samara Action requested: Discuss
Discussion/ Matters Arising	<p>The high level of accidents/incidents particularly within the Faculty of Creative Industries was highlighted. Risk assessments are in place for all activities however the need to ensure compliance will be addressed by the Health and Safety Compliance Manager. Spot checks will also be undertaken with monthly reports being submitted to SMT for review. Members considered it useful to provide a diagrammatic breakdown of accidents/incidents by category.</p> <p>TH commended the report, however suggested that clear indication on active trained staff should be provided.</p>
Decision/Noted	<ul style="list-style-type: none">• To provide suggested amendments for the next meeting.• To note the report.

Item FPRC1-11 Financial Plan 2016-17	
Paper No: FPRC1-I	Lead: S Thompson Action requested: Discuss
Discussion/ Matters Arising	<p>Members were reminded that the revised Financial Plan was submitted and approved at the last full meeting of the Board. The plan now projects an underlying surplus of £26k for the 12 months to 31 July 2018. This improved financial position is mainly due to the SFC announcement of the uplift of £10.2 m for the 2017-18 teaching grant from last year's allocation. A further additional £1.5 m of funding has also been allocated across the sector, to address the additional costs incurred between April 2017 and July 2018 which will arise from increased lecturers' pay as a result of the recent national bargaining agreement. It was indicated that CoGC will receive approximately £150 k from this additional funding.</p>
Decision/Noted	To note the Financial budget for 2017-18.

Item FPRC1-12 Long Term Financial Planning	
Paper No: FPRC1-J	Lead: S Thompson Action requested: Discuss
Discussion/ Matters Arising	<p>ST advised that the 5 year financial planning report had now been updated in line with the approved budget for 2017-18. ST further reported that College LTPF reports had been discussed at an SFC meeting held today (27th September 2017). Interpretation of the SFC guidance provided has led to inconsistencies in the submission of LTPF reports across the sector. A workshop is being planned to agree a recommended sector wide format. The CoGC Plan may be adjusted in line with any agreed recommendations</p> <p>KK stated that a separate model on how to deal with any future deficit would be required; ie a clear plan would be required to address any future funding gaps. ST assured that a proposal with actions to reduce costs in the longer</p>

	term would be provided at the December meeting of the full board.
Decision/Noted	<ul style="list-style-type: none"> To note the updated report. To present proposed proposals for reduce costs in the longer term, at the December meeting of the Board.

Item FPRC1-13	Resource Return Financial Year 2017-18	
Paper No: FPRC1-K	Lead: A Stewart	Action requested: Discuss
Discussion/ Matters Arising	AS confirmed that the SFC Resource Return for Financial year 2017-18 has now been adjusted to reflect the new balanced budget.	
Decision/Noted	To note the Report.	

Item FPRC1-14	Non-Compliant Spend Report	
Paper No: FPRC1-L	Lead: S Thompson	Action requested: Discuss
Discussion/ Matters Arising	An update on the progress made to date against all non-compliant spend reported for 2015-16 and 2016-17 was reviewed by the Committee. Whilst the non-compliant expenditure has improved over the past 2 years (from 21% in 2015-16 to 15% in 2016-17), members stressed that this position was not accepted and the need to ensure full compliance must be addressed. The Committee agreed that a clear action plan to reduce and eventually eliminate all non-compliant spend must be developed for submission at the next meeting.	
Decision/Noted	To progress the action plan to eliminate all non-compliant spend.	

AB left the meeting at this time.

Item FPRC1-15	ICT Progress Report	
Paper No: FPRC1-M	Lead: F Samara	Action requested: Note
Decision/Noted	To note the progress on the delivery and operational performance of ICT service.	

Item FPRC1-16	Credits Delivery Update	
Paper No: FPRC1-N	Lead: S Thompson	Action requested: Note
Decision/Noted	To note the anticipated actual Credits for 2016-17, the projection for 2017-18 and the Regional comparison.	

Item FPRC1-17	Financial Plan 2016-17	
Paper No: FPRC1-O	Lead: S Thompson	Action requested: Note
Decision/Noted	To note the Financial budget for 2016-17.	

Item FPRC1-18		Foundation Applications Update	
Paper No: FPRC1-P	Lead: S Thompson	Action requested: Note	
Decision/Noted	To note the Foundation Applications which were submitted for consideration by the College Foundation at a meeting held on 01 09 17. The Committee will be notified once confirmation is received.		

Item FPRC1-19		SFC Accounts Direction for Scotland's Colleges 2016-17	
Paper No: FPRC1-Q	Lead: S Thompson	Action requested: Note	
Decision/Noted	To note the 2016-17 Accounts Direction for Scotland's Colleges.		

Item FPRC1-20		Strathclyde Pension Fund Valuation	
Paper No: FPRC1-R	Lead: S Thompson	Action requested: Note	
Decision/Noted	To note the Strathclyde Pension Fund Valuation.		

Item FPRC1-21		Any Other Notified Business	
Paper No:	Lead:	Action requested:	
Decision/Noted	There was no other notified business.		

Item FPRC1-22		Disclosability of Papers	
Paper No:	Lead: P Clark	Action requested: Note	
Decision/Noted	It was agreed that the disclosability status of papers as described on respective cover sheets be retained.		

Item FPRC1-23		Date of Next Meeting	
Paper No:	Lead:	Action requested: Note	
Decision/Noted	Wednesday 22 November 2017		

The meeting closed at 7.35 pm.

ANNEX TO THE MINUTE

ACTION POINTS ARISING FROM THE MEETING

Item	Description	Owner	Target Date
FPRC1-6	Property Disposals Update: Provide written confirmation as requested and submit Committee recommendation for the next meeting of the Board.	FS	11 10 17
FPRC1-4	Committee Annual Report 2016-17: Amend as agreed.	PC	ASAP
FPRC1-8	NPD Delivery Report: Further review Risk 16 at the next meeting.	FS/ALL	22 11 17
FPRC1-10	Health and Safety Report: Provide suggested amendments as agreed.	FS	22 11 17
FPRC1-12	Long Term Financial Planning: Present proposals to reduce costs in the longer term.	ST	06 12 17
FPRC1-14	Non-Compliant Spend Report: Progress action plan to eliminate all non-compliant spend.	ST	22 11 17

ACTION POINTS ARISING FROM PREVIOUS MEETINGS

Item	Description	Owner	Target Date
FPRC5-9	FM Report: Provide additional staff/student service desk analysis.	FS	ASAP
FPRC5-11	Financial Plan 2017-18: Provide an update report with reduced deficit at the next meeting of the Board.	ST	21 06 17 Complete
FPRC5-12	Long Term Financial Planning: Update reports for presentation at the next meeting of the Board.	ST	21 06 17 Complete
FPRC4-5	Procurement Strategy 2016-2020: Report on non-compliant spending to the Board.	ST	21 06 17 Complete
FPRC4-9	Committee Terms of Reference: Seek Board approval for Board Committee oversight of five delivery strategies.	PC	21 06 17 Complete
FPRC4-12	Halls of Residence Overview of Operations: Conduct background check on new owners of St Luke's.	FS	Circulate via email Complete