

## References Board of Management

### Meeting of the Finance & Physical Resources Committee

MINUTE OF 2<sup>nd</sup> MEETING HELD ON WEDNESDAY 21 NOVEMBER 2018 AT 1700 HRS  
(FPRC2)

Present	
Tracey Howe (TH)	Milea Leone (ML)
Karen Kelly (KK) (Convener)	Paul Little (PL)
In attendance	
Paul Clark (PC)	Stuart Thompson (ST)
Fares Samara (FS)	
Alex Stewart (AS)	Ann Butcher (Minute)
Apologies for absence	
Rachael Gilchrist (RG)	Lesley Woolfries (LW)

Item FPRC2-1	Apologies for Absence	
Paper No:	Lead: K Kelly	Action requested: Note
Decision/Noted	Apologies were received from RG and LW. SP was not in attendance.	

Item FPRC2-2	Declarations of Interest	
Paper No:	Lead: K Kelly	Action requested: Note
Decision/Noted	There were no declarations of interest.	

Item FPRC2-3	Minute of Previous Meeting held on 26 September 2018	
Paper No: FPRC2-A	Lead: K Kelly	Action requested: Approve
Decision/Noted	That the minute of the meeting be approved.	
	<b>Matters Arising</b> <b>Excess Charge for Cases of Personal Injury</b> FS will clarify this matter and advise the Committee by email.	

Item FPRC2-4	Annual Report and Accounts 2017-18	
Paper No: AC2-B	Lead: P Clark/S Thompson	Action requested: Approve
Discussion/ Matters Arising	PC introduced the narrative section within the Annual Report and Accounts 2017-18 which has been developed with reference to the individual Board Committee Annual Reports, and also includes examples from each Faculty of student and staff successes during 2017-18. The narrative section (excluding the financial statements, summary Performance Overview and	

Governance Statements) will be published as the College Annual Review 2017-18. A fully designed version will be progressed following final approval.

ST provided a review of the Financial Statements. The following main elements were particularly highlighted and were discussed:

- The College resource performance for the financial year 17-18 was budgeted at a break even position of 82k with actual position at 218k. At the request of the Audit Committee, comparison figures for 16-17 have now been included.
- The total College cash budget spend for priorities was noted at £1.1m.
- The College made an underlying surplus of £0.6m - an increase from £0.3m in 2016-17. However, the College continues to operate in a challenging financial climate and is facing a significant increase in staff costs over the next 2 years, mainly due to harmonisation of pay levels across the sector. The College had net current liabilities of £4.0m at the year end due to the inclusion of the NPD contract liability however, the College continues to operate with a healthy cash balance of £7.0m. The significant reduction in capital expenditure and the ongoing challenge to replace equipment was also highlighted.
- The overall actual income and expenditure analysis was reviewed. KK suggested that the expenditure analysis should be further broken down to show individual Faculty spend. Whilst this was not a requirement for the Annual Accounts, it was agreed that this would be reported separately through the FPR Committee.
- Members noted that the College has requested that the clawback of Student Support Funds, amounting to 54k, be taken within the 17-18 accounts which would reduce the overall operating surplus to 644k (previously reported at £698k).
- The Committee noted the excellent internal audit report findings for 17-18 which show that outcomes from audit reviews were either satisfactory or good. No medium or high recommendations were made.
- The summary of key Strategic Risks which are managed and monitored throughout the year has now been RAG rated with an additional note advising that Risk 23 - *Failure to agree a sustainable model and level of grant funding within Glasgow Region*, has subsequently been reduced during 18-19 to AMBER. This reflects the mitigation measures of robust curriculum planning and continued close involvement with GCRB.
- The detail of the remuneration and pension interests of senior management and summary of all voluntary severance packages agreed during 17-18 were noted. These figures have been audited by Scott Moncrieff.

Members commended ST, AS and the finance team on the clear information presented within the report and the overall surplus made during 2017-18.

	<p>KK added that all monitoring reports presented throughout the year had been fairly stable and reflected the year end position.</p> <p>The External Audit report will be included within the final Report which will be submitted at the Board meeting on 05 12 18.</p>
<b>Decision/Noted</b>	<ul style="list-style-type: none"> <li>• The Annual Report 2017-18 was approved.</li> <li>• To provide Faculty breakdown of expenditure at future meetings of FPRC.</li> </ul>

<b>Item FPRC2-5</b>	<b>College Course Fees 2019-20</b>	
<b>Paper No: FPRC2-C</b>	Lead: S Thompson	Action requested: Approve
<b>Discussion/ Matters Arising</b>	<p>ST reported on the basis for calculating the College course fees for the SFC fundable activity 2019-20. The proposal is to increase most part-time fees by approximately 3.0% on the 2018-19 level, recognising the current economic climate, inflation and College costs. ST reported that full time fees would likely remain at the 2017-18 rates including a small increase to the notational part time fee rates.</p> <p>Course fees for all full cost commercial activity, part time international activity and international partnership activity will be determined by the VP corporate Development &amp; Innovation.</p>	
<b>Decision/Noted</b>	To approve the proposed minimum course fee rate as proposed.	

<b>Item FPRC2-6</b>	<b>Health &amp; Safety Annual Report 2017-18</b>	
<b>Paper No: FPRC2-D</b>	Lead: F Samara	Action requested: Approve
<b>Discussion/ Matters Arising</b>	<p>The annual report which provides a review of the College's health and safety performance for 2017-18 was submitted.</p> <p>TH noted the significant increase in RIDDOR reportable incidents over the last 3 years. FS advised that in some of these cases, incidents are relatively minor but may require treatment at hospital which would be reported under RIDDOR. PL further advised on the difficulty contacting First Aiders within the Campus which affords no other choice than to send the patient to hospital. Current procedures and management of resources are being reviewed and the benefits of having a full time health official on site were acknowledged.</p> <p>The level of incidents (66) not supported by an Accident/Incident Report Form was also highlighted. This matter will be followed up by the Health and Safety manager.</p>	
<b>Decision/Noted</b>	The Health and Safety Annual Report 2017-18 was approved.	

<b>Item FPRC2-7</b>	<b>Facilities Management Report</b>	
<b>Paper No: FPRC2-E</b>	Lead: F Samara	Action requested: Discuss

<b>Discussion/ Matters Arising</b>	<p>FS reported that following the Internal Audit review of Infrastructure Contract Management, the report concluded that good controls are in place. Scottish Futures Trust have subsequently commended the College on how the rules of the project agreement have been applied particularly in line with the deductions received through the Paymech penalties for non-performance.</p> <p>The following issues were also highlighted and discussed:</p> <ul style="list-style-type: none"> <li>- A number of internal glazed panels in both buildings have shattered. GLQ are investigating these incidents as a matter of urgency and a report on findings is awaited.</li> <li>- The Atrium glazing failures at Riverside Campus have now escalated to the GLQ Board. The length of time taken to resolve this matter is due an ongoing legal issue between SRM and their glazing sub-contractor. Deductions for this fault are still being applied.</li> </ul>
<b>Decision/Noted</b>	To note the update report.

<b>Item FPRC2-8</b>	<b>Long Term Financial Planning</b>	
<b>Paper No: FPRC2-F</b>	Lead: P Clark	Action requested: Discuss
<b>Discussion/ Matters Arising</b>	<p>ST introduced the updated 5 year forecast Financial Plan which is based on sets of optimistic, realistic and pessimistic assumptions. The implications of all assumptions were noted and the need to continuously monitor the ongoing financial challenges and consider efficiency savings where necessary were highlighted. Current in-year monitoring graphs based on all assumptions including the breakeven position will be provided within future reports.</p> <p>The Committee noted that SFC grant increases are likely to remain low for the next few years. The increased pressure on controlling costs, particularly staff costs which make up around 70% of expenditure (excluding unitary charge), was recognised. The College is aiming to increase non SFC income to enhance the long term financial stability of the College.</p>	
<b>Decision/Noted</b>	To note the update report.	

<b>Item FPRC2-9</b>	<b>Financial Plan 2018-19</b>	
<b>Paper No: FPRC2-G</b>	Lead: S Thompson	Action requested: Discuss
<b>Discussion/ Matters Arising</b>	<p>ST advised that the income and expenditure account now projects a surplus of 502k.</p> <p>Tuition fees are down £35k to the end of October. This reflects a decrease in fundable fees, with enrolment in August and September lower than budgeted. This will be offset by the forecast increase in commercial activity. Additional Full Time courses will also be considered for January 2019. The situation will be closely monitored throughout the year. The financial position is currently stable.</p>	

	TH enquired as to how enrolment targets and course sustainability were managed. ST informed that this is rigorously monitored. Curriculum planning meetings are being held this week with all Faculties looking at previous and current performance including feasible continuation of 'at risk' courses. Action plans are developed to address any issues raised and planned new courses are considered.
<b>Decision/Noted</b>	To note the report.

<b>Item FPRC2-10 Annual Procurement Report 2016-2018</b>	
<b>Paper No: FPRC2-H</b>	Lead: S Thompson      Action requested: Discuss
<b>Discussion/ Matters Arising</b>	<p>The Annual Procurement Report 2016-18 which has been produced following the publication of the College Procurement Strategy in December 2017, as part of the Procurement Reform (Scotland) Act 2014.</p> <p>TH raised a query received from members of staff regarding the procurement process particularly with regard to the purchase of specialist items which they considered as being overpriced through the new process. ST advised that to help eliminate non-compliant spend, the College has recently undertaken significant changes to the procurement process which is now a fully electronic system. The rationale for this change has been explained to the staff involved, and development workshops have been provided. ST will further investigate this specific issue.</p> <p>Members commended the comprehensive report.</p>
<b>Decision/Noted</b>	To note the report which will be published on the College website.

*TH left the meeting during the following discussion.*

<b>Item FPRC2-11 Non Compliant Procurement Report Update</b>	
<b>Paper No: FPRC2-I</b>	Lead: S Thompson      Action requested: Discuss
<b>Discussion/ Matters Arising</b>	<p>An update on the progress in reducing the volume and value of regulated non-compliant procurement expenditure was submitted.</p> <p>Members welcomed the efforts made to eliminate non-compliant spend.</p>
<b>Decision/Noted</b>	<ul style="list-style-type: none"> <li>To note the 2017-18 regulated non-compliant spend.</li> <li>To note the plan to reduce non-compliant spend by 2020.</li> </ul>

<b>Item FPRC2-12 Systems Integration Strategy: Outturn Report 17-18</b>	
<b>Paper No: FPRC2-J</b>	Lead: S Thompson      Action requested: Discuss
<b>Discussion/ Matters Arising</b>	The outturn Systems Integration Strategy report was submitted for review. ST reported that good progress has been made in most areas however some targets were not ambitious and will be further reviewed for completion by 2020.
<b>Decision/Noted</b>	To note the report.

Item FPRC2-13 Sustainability Strategy: Outturn Report 17-18	
Paper No: FPRC2-K	Lead: S Thompson      Action requested: Discuss
Discussion/ Matters Arising	The outturn Sustainability Strategy report was also submitted for review. ST reported that most targets were already being met and in some cases exceeded. These will be made more ambitious and will be further revised.
Decision/Noted	To note the report.

Item FPRC2-14 Property Disposals/Development Update	
Paper No: FPRC2-L	Lead: F Samara      Action requested: Discuss
Discussion/ Matters Arising	<p>FS provided members with an update on the progress made with the proposal to lease the Charles Oakley Building (COB) to the Glasgow School of Art (GSA).</p> <p>GSA have informed the College that they no longer wish to use COB. In order to terminate the License to Occupy, a Renunciation Notice has been produced between CoGC and GSA. This will ensure that <i>'neither party has any obligations to the other party outstanding in respect of the Licence or the Property before or after the Renunciation Date'</i>. Committee members noted the termination of this agreement.</p> <p>Subject to amendment of the College title, the Renunciation document will now be signed off.</p>
Decision/Noted	To note the update report.

Item FPRC2-15 ICT Progress Report	
Paper No: FPRC2-M	Lead: S Thompson      Action requested: Discuss
Discussion/ Matters Arising	<p>Members noted the change in leadership for the responsibility of Information Technology which has now moved to the Vice Principal, Corporate Services. Members also noted the progress on the delivery and operational performance of ICT services.</p> <p>Discussion followed on non-compliance of the Scottish Government's Public Sector Action Plan 2017-18 which stipulates that the College should have obtained appropriate independent assurance of critical cybersecurity controls. The Committee noted that the College had commissioned a Cyber Essentials Pre-Assessment which was undertaken by Barrier Networks. Following the Pre-Assessment, 7 recommendations were made and an action plan has now been developed with a timescale for completion by March 2019. Weekly progress meetings will be held and additional resources are now in place. The Committee noted that the College was not exceptionally exposed however more robust processes will be put in place. This issue has been identified within Risk 25 <i>'Failure of IT System Security'</i> which has been elevated to a risk score of 15 (RED).</p>

	TH raised some concern with regard to the College Firewalls and Intrusion Prevention Systems being at 'end of life'. ST confirmed that the College was properly protected however Cyber Essentials Plus would need to be achieved to ensure optimum protection.
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Decision/Noted	<ul style="list-style-type: none"> <li>To note the update report.</li> <li>To provide update on the progress towards Cyber Essentials Plus at the next meeting.</li> </ul>
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<b>Item FPRC2-16</b>	<b>Credits Delivery Update</b>	
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Paper No: FPRC2-N	Lead: S Thompson	Action requested: Note
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Decision/Noted	To note the final SFC credit target for 2017-18 (183 262) which has been successfully delivered. The College is currently on target to deliver the 2018-19 Credit target.
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<b>Item FPRC2-17</b>	<b>Annual Report on FM Delegated Limits &amp; Expenditure</b>	
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Paper No: FPRC2-O	Lead: S Thompson	Action requested: Discuss
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Decision/Noted	To note the content of the report.
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<b>Item FPRC2-18</b>	<b>Treasury Management Report</b>	
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Paper No: FPRC2-P	Lead: S Thompson	Action requested: Discuss
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Decision/Noted	To note the report.
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<b>Item FPRC2-19</b>	<b>Any Other Notified Business</b>	
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Paper No:	Lead:	Action requested:
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Decision/Noted	<p><b>Risk 25 – Failure of IT System Security Update</b> This matter was raised under Item 15, ICT Progress Report.</p> <p><b>Non-Executive Directors – Access to Information</b> PL tabled a paper from Scott Moncrieff regarding a survey of non-executive directors at public sector organisations. The survey showed that 20% were not provided with access to information they need. PL encouraged members to advise on any additional information that could be provided to their benefit.</p>
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<b>Item FPRC2-20</b>	<b>Disclosability of Papers</b>	
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Paper No:	Lead: P Clark	Action requested: Note
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Decision/Noted	It was agreed that the disclosability status of papers as described on respective cover sheets be retained ie Papers FPRC2-A, FPRC2-B, FPRC2-F, FPRC2-G, FPRC2-I, FPRC2-L, FPRC2-M, FPRC2-N, FPRC2-O and FPRC2-P were non-disclosable.
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<b>Item FPRC2-21</b>	<b>Date of Next Meeting</b>	
Paper No:	Lead:	Action requested: Note
Decision/Noted	Wednesday 27 February 2019	

*The meeting closed at 1855 hrs.*



## ANNEX TO THE MINUTE

### ACTION POINTS ARISING FROM THE MEETING

Item	Description	Owner	Target Date
FPRC2-3	<b>Matters Arising:</b> clarify excess charge for cases of personal injury and email Committee.	FS	ASAP
FPRC2-4	<b>Annual Report &amp; Accounts 17-18:</b> Provide Faculty breakdown of expenditure in future reports.	ST	Ongoing
FPRC2-15	<b>ICT Progress Report:</b> Provide update on progress towards Cyber Essentials Plus.	ST	Ongoing

### ACTION POINTS ARISING FROM PREVIOUS MEETINGS

Item	Description	Owner	Target Date
FPRC1-8	<b>Property Disposals/Development Update:</b> Provide full Option Appraisal.	FS	BoM Mtg 10 10 18 Ongoing
FPRC1-14	<b>ICT Progress Report:</b> Update Risk 25.	PC for FS	ASAP <b>Complete</b>
FPRC1-7	<b>Strategic Risk Review:</b> Include Brexit implications at Planning Event.	PC	10 10 18 <b>Complete</b>
FPRC1-13	<b>Non-Compliant Spend Report:</b> Include as a standing item.	ST/PC	Ongoing <b>Complete</b>
FPRC2-10	<b>H&amp;S Report:</b> Check excess charge for cases of personal injury.	FS	ASAP