

References Board of Management

Meeting of the Finance & Physical Resources Committee

MINUTE OF 4th MEETING HELD ON WEDNESDAY 22 MAY 2019 AT 1700 HRS (FPRC4)

Present	
Rachael Gilchrist (RG)	Stuart Patrick (SP) (Vice Convener)
Milea Leone (ML)	Lesley Woolfries (LW)
Paul Little (PL)	
In attendance	
Paul Clark (PC)	Stuart Thompson (ST)
Sheila Lodge (SL)	
Alex Stewart (AS)	Ann Butcher (Minute)
Apologies for absence	
Karen Kelly (KK)	

SP convened the meeting in KK's absence.

Item FPRC4-1	Apologies for Absence	
Paper No:	Lead: S Patrick	Action requested: Note
Decision/Noted	Apologies were received from KK.	

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

Item FPRC4-3	Minute of Previous Meeting held on 27 February 2019	
Paper No: FPRC4-A	Lead: S Patrick	Action requested: Approve
Discussion/ Matters Arising	That the minute of the meeting be approved.	
	Matters Arising Health and Safety An update report on First Aid Support will be provided at the next meeting (SL/ST).	

Item 10 was taken at this time.

Item FPRC4-10	Property Disposals/Development Update	
Paper No: Verbal	Lead: S Thompson	Action requested: Note

Discussion/ Matters Arising	Following completion of the sale of the NHS building, a letter has been received today (22 05 19) from Richard Lochhead, Minister for FE, HE & Science, Scottish Government, advising that the sale proceeds of £10.4m should now be directed to Forth Valley College. Any incurred costs relating to the maintenance of the building are being assessed by the Scottish Futures Trust and the agreed amount will be retained by the College. These costs have yet to be confirmed. The Board of Management have been instructed to make an immediate interim payment of £9m to Forth Valley College by electronic transfer. Final direction will be provided in due course.
Decision/Noted	To note the update report.

Item FPRC4-4	Strategic Risk Review
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Paper No: FPRC4-B	Lead: P Clark	Action requested: Discuss
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Discussion/ Matters Arising	<p>The following Strategic Risks were discussed:</p> <p>Risk 12 – <i>Failure of Continuity</i> – Business Impact Analysis meetings between Faculty and service areas managers and Ashton Resilience are almost complete. Development of Business Recovery Plans will now be undertaken with a further update report being provided by mid-June. Members noted that an implementation plan has been developed to address the strategic review recommendations. Progression is well under way. The RAG rating will remain RED until completion of the overall review.</p> <p>Risk 15 – <i>Failure to achieve operating surplus via control of costs and achievement of income targets</i> – Based on the current 5 year projections (provided in Paper FPRC4-E), which projects a stable financial performance and good outcome for 2019-20, it was proposed that the overall RAG rating be reduced to AMBER. Whilst this was agreed, members requested that this be kept under close review.</p> <p>Risk 16 – <i>Failure to maximise income via diversification</i> – ST advised that the Development Committee reviewed this risk in April and noted the enhanced context for consideration of commercial/international income generation. The increased Risk Score of 12 (AMBER) was noted. The downward trend in ‘other Commercial Income’ was discussed. The Development Committee has insight of this and plans are in place to increase income.</p> <p>Risk 20 – <i>Failure to obtain funds from College Foundations</i> – No changes were proposed. The risk score will remain at 4 (GREEN).</p> <p>Risk 22 – <i>Negative impact of Brexit</i> – It was noted that the narrative reflects the current uncertain position. The current Risk Score 10 (AMBER) was agreed.</p> <p>Risk 23 – <i>Failure to agree a sustainable model and level of grant funding within Glasgow Region</i> – it was considered that this risk is currently being mitigated through robust curriculum planning and close involvement with GCRB and the other Glasgow Colleges. The Risk Score of 12 (AMBER) was agreed. The Committee recognised future challenges, in particular</p>
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the increased running costs for GCRB and the level of uncertainty regarding the value of future funding linked to SFC and GCRB funding methodology ie issues such as capital, ESF, national bargaining and IT infrastructure funding.

Discussion followed on the funding retained (£246k) by GCRB for running costs and lead projects. Whilst the Committee took a positive view of the projects in general, the queried the overall impact and added value to the College. It was suggested that business case and option appraisals be provided. This will be considered.

Risk 25 – *Failure of IT System Security* – BA advised that improvements have already been made on identified infrastructure equipment. The external network penetration test has been successfully completed with College network security preventing unauthorised access during the test scenario. Members noted that the network and software are currently more secure and robust. The College has successfully managed and mitigated several ‘Denial of Service’ cyberattacks. It was agreed that the Risk Score remain at 15 (RED). It is anticipated that this score will reduce following achievement of compliance.

Decision/Noted

- Provide an update on progress made towards Business Continuity Implementation Plan at the next meeting.
- To provide information on business case options appraisals for GCRB lead projects.
- To approve the Risks as agreed.
- To note the revised Risk Register as at 16 May2019.

**Item FPRC4-5 Health and Safety Report Quarter 3
1 February to 30 April 2019**

**Paper No:
FPRC4-C**

Lead: S Lodge

Action requested: Discuss

**Discussion/
Matters Arising**

SL provided members with a brief update on Health and Safety matters. The following items were particularly highlighted:

- The number of reported accidents and incidents show an overall reduction with only a minor increase in reported incidents and an overall decrease in RIDDOR reportable accidents/incidents.
- 4 RIDDOR incidents were reported, with one resulting in serious personal injury. The incident has been investigated with action now being taken to control and repair the identified hazard.
- A training gap has been identified within Faculty areas and additional COSHH Risk Assessment training is now being undertaken over the next few months. It was noted that there was no added risk in relation to the identified training gap.
- A programmed review of current fire risk assessments was undertaken in February. Action plans have been developed to implement identified actions. ST confirmed that all fire processes are in place and are robust.

Decision/Noted

To note the report.

Item FPRC4-6		Financial Plan 2018-19	
Paper No: FPRC4-D	Lead: S Thompson	Action requested: Discussion	
Discussion/ Matters Arising	<p>AS updated the Committee on the Financial Plan 2018-19. The current forecast projects a surplus of £956k for the 12 months to 31 July 2019. This is mainly due to increased income from student accommodation and the Nautical and STEM Faculty. Staff costs are also under budget as not all positions in the leadership reorganisation have been filled. These have produced additional short-term savings.</p> <p>The Committee noted the increase in operating expenditure, in particular additional costs relating to non-capital expenditure funded by the foundation and additional IT expenditure. An additional match funded grant has now been received from the SFC for sanitary products. The additional costs for cyber security was also highlighted.</p> <p>Transfer of College assets to the College foundation is currently being discussed with the external auditors however it was also recognised that the surplus could be allocated, at least in part, on capital expenditure or other areas to enhance the student experience.</p> <p>Committee members were supportive of reporting a reduced surplus and suggested that a set of funding options ie transfer to foundation, spend on capital or a balance between both be provided for consideration at the next meeting of the Board. The balance of residual monies from the sale of North Hanover Street building is independent and will be held for payment of running costs.</p>		
Decision/Noted	<ul style="list-style-type: none"> To note the report. To provide a set of funding options as discussed at the next meeting of the Board. 		

Item FPRC4-7		Long Term Financial Planning	
Paper No: FPRC4-E	Lead: S Thompson	Action requested: Discussion	
Discussion/ Matters Arising	<p>The updated 5 year forecast Financial Plan which is based on sets of optimistic, realistic and pessimistic assumptions was presented to the Committee. ST advised that guidance on completion of the medium-term Financial Forecast Return is awaited from the SFC. The outcome of this may have some impact on the current realistic assumptions. The implications of all assumptions were reviewed.</p> <p>As SFC grant increases are likely to remain low for the next few years, the College is aiming to increase non SFC income above inflation rates. Failure to achieve this growth will increase pressure on controlling costs, in particular staff costs, which make up around 70% of expenditure (excluding unitary charge).</p> <p>ST emphasised that the 5-year plan is used as an early warning of future financial challenges. This will enable the Executive to manage financial risks via an early indication of the potential savings that need to be made.</p>		

It was noted that for 2019-20, the College is required to make savings of £2.1m to meet increasing cost pressures ie pay rises, teacher's pension increase (which is not fully funded) and inflationary pressures on goods and services spending. Whilst the College is expecting to forecast a surplus of approximately £600k for 2019-20, this will equate to the shortfall in funding of the teacher's pension increase. Only a small surplus of £17k is now forecast. The cost of Regional Board staff and planned projects has increased to £787k with the College share being £334k. This means additional efficiency savings, compared to Colleges outside the Glasgow region, are required.

The College is currently forecasting a break-even position throughout the 4-year period. The assumptions made include required efficiency savings of around £800k per annum.

LW referred to the potential initiatives stated within the report which may need to be considered in order for the College to achieve a break even, financially sustainable position and suggested that expansion of these initiatives, including trigger points, should be demonstrated.

PL also considered that the projected underlying position was too conservative and should include more pessimistic and optimistic projections.

Decision/Noted

- To note the Long-term Financial Planning scenarios and key financial assumptions.
- To expand the potential initiatives within the report.

Item FPRC4-8	Draft Financial Plan 2019-20	
Paper No: FPRC4-F	Lead: S Thompson	Action requested: Discussion
Discussion/ Matters Arising	Members noted that SFC funding settlements of "flat cash" are forecast for the next 4 years and the future challenging financial environment was recognised. Based on the realistic assumptions as detailed within Paper FPRC4-E and the key financial performance outcomes detailed within the Plan, the College is forecasting a small surplus of £17k to 31 July 2020.	
Decision/Noted	To approve the Financial Plan for 2019-20.	

Item FPRC4-9	Non Compliant Spend Update (Quarter 2)	
Paper No: FPRC4-G	Lead: S Thompson	Action requested: Discussion
Discussion/ Matters Arising	Progress is being made to reduce the volume and value of Regulated non-compliant procurement expenditure. The improving position towards eliminating non-compliant spend has been improved by the introduction of controls embedded within PECOS (Professional Electronic Commerce Online System). The status on compliant tenders, tenders in progress and the future tender plan was noted.	
Decision/Noted	To note that the scale of the regulated non-compliant expenditure is 6% in Quarter 2 2018-19.	

Item FPRC4-11		Facilities Management Report
Paper No: FPRC4-H	Lead: S Thompson	Action requested: Discuss
Decision/Noted	To note the report on estates and Facilities Management from February – April 2019.	

Item FPRC4-12		ICT Progress Report
Paper No: FPRC4-I	Lead: S Thompson/ B Ashcroft	Action requested: Discuss
Discussion/ Matters Arising	<p>BA provided members with a brief overview on the delivery and operational performance of ICT services.</p> <p>Primary focus on the achievement of ‘Cyber Essentials Plus’ accreditation is ongoing with significant improvements being made to the infrastructure to upgrade both security and resilience, in partnership with Barrier Networks. This has also resulted in the requirement to update some software applications. Alternative applications are being evaluated which has resulted in an extended accreditation date. The IT team are working towards completion by the end of June 2019.</p> <p>A review of the wifi provision has also been undertaken within both Campuses. ‘Blackspot’ areas have been identified and options to overcome these are being considered.</p> <p>BA confirmed that a plan is in place to combat the online gaming restrictions currently being placed on the Halls of Residence network.</p>	
Decision/Noted	To note the update report.	

Item FPRC4-13		Credits Delivery Update
Paper No: FPRC4-J	Lead: S Thompson	Action requested: Note
Decision/Noted	To note the projection for 2018-19 and the Glasgow Regional Comparison.	

Item FPRC4-14		Any Other Notified Business
Paper No:	Lead:	Action requested:
Decision/Noted	ML shared her thanks to members, in particular the Convener, for taking time to explain the various reportage submitted. SP thanked ML for her contribution and wished her every success in her future career.	

Item FPRC4-15		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 ie Papers FPRC4-A, D, E, F,G, I, and J were non-disclosable.	

Item FPRC4-16	Date of Next Meeting	
Paper No:	Lead:	Action requested: Note
Decision/Noted	Wednesday 2 October 2019	

The meeting closed at 1915 hours.

DRAFT

ANNEX TO THE MINUTE

ACTION POINTS ARISING FROM THE MEETING

Item	Description	Owner	Target Date
FPRC4-3	Matters Arising: Provide First Aid Support update at next meeting.	SL/ST	02 10 19
FPRC4-4	Strategic Risk Review: Provide update on BC Implementation Plan at next meeting.	PC	02 10 19
FPRC4-4	Strategic Risk Review: Provide business case options appraisals for GCRB lead projects.	ST?	02 10 19
FPRC4-6	Financial Plan 2018-19: Provide a set of surplus funding options for the surplus at the next meeting of the Board.	ST	05 06 19
FPRC4-7	Long Term Financial Planning: Expand potential initiatives within the report.	ST/AS	ASAP

ACTION POINTS ARISING FROM PREVIOUS MEETINGS

Item	Description	Owner	Target Date
FPRC3-4	College Student Accommodation Charges: Provide comparative figures and SAAS information in advance of final approval via email.	AS/PC	ASAP Complete
FPRC3-8	Health & Safety Report: Defer discussion on First Aid Support to SSEC.	FS/PC	SSEC 10 05 19 Complete
FPRc3-12	Property Disposals/Development Update: Ensure agreed proposals are contractual and legally binding.	FS	ASAP Complete