

Board of Management

Meeting of the Finance & Physical Resources Committee

MINUTE OF 2nd MEETING HELD ON WEDNESDAY 1 DECEMBER 2021 AT 1600 HRS
(FPRC2)

Present	
Karen Kelly (KK) (Convener)	Ronnie Quinn (RQ)
Paul Little (PL)	Lesley Woolfries (LW)
Stuart Patrick (SP)	
In attendance	
Barry Ashcroft (BA)	Alex Stewart (AS)
Paul Clark (PC)	Stuart Thompson (ST)
Mark Drummond (MD)	
Chris Keenan (CK) (Item 4.1 only)	Ann Butcher (Minute)
Apologies for absence	
None	

KK welcomed MD to his first meeting of FPRC.

Item FPRC2-1	Apologies for Absence	
Paper No:	Lead: Convener	Action requested: Note
Decision/Noted	There were no apologies. PC advised that Student President B. Savage would attend future meetings as a Committee member.	

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

Item FPRC2-3.1	Minute of Previous Meeting held on 29 September 2021	
Paper No: FPRC2-A	Lead: Convener	Action requested: Approve
Decision/Noted	That the minute be approved.	
	Matters Arising Forecast Financial Plan 2021-22 ST/MC will ensure additional initiatives are RAG-rated in future reports.	

Item FPRC2-3.2	Annual Report and Accounts 2020-21 (Draft)	
Paper No: FPRC2-B	Lead: P Clark/S Thompson	Action requested: Approve

<p>Discussion/ Matters Arising</p>	<p>PC introduced the report which was reviewed in detail at the AAC meeting on 23 11 21. The narrative is set out in a similar way to last year's report, and in addition to the Learning and Teaching, and Audit and Assurance reports, PC drew attention to the significantly improved performance section.</p> <p>ST provided a brief overview of the Financial Statements which show a significant improvement from the original projected deficit provided at the start of the year. Where possible, action had been taken to reduce the projected loss which, combined with additional government grant and furlough support, helped achieve a small surplus. The adjusted operating surplus of £72k was noted. The College continues to operate with a healthy cash balance at the year end. The ongoing challenging financial climate due to the continued impact of Covid was noted.</p> <p>SP suggested that, given that the accounts show the College made a deficit, the notes provided within the statements should be improved to provide further advice on how the operating surplus was achieved. This was agreed.</p> <p>RQ highlighted the significant length of the report and suggested that this be reduced as agreed last year. PC confirmed that the designed format would reduce the overall appearance, however agreed that areas within future reports would be further refined.</p> <p>LW highlighted areas for slight amendment: PRNC to be updated (Page 44); Staff Turnover % to be provided (Page 48); repeat of 'focus' to be amended (Page 56) and completion of H&S paragraph (Page 56).</p> <p>LW further reminded members of the overall responsibilities of the Board in the preparation and sign off of the financial statements. Members must remain aware and agree that the report provides a true and accurate representation. KK advised that the External Audit, Letter of Representation provides significant detail of the responsibilities and will be submitted at the Board meeting on 15 12 21.</p>
<p>Decision/Noted</p>	<ul style="list-style-type: none"> • To endorse the Annual Report and Accounts 2020-21 for approval by the full Board on 15 December 2021. • To submit the EA Letter of Representation at the Board meeting on 15 12 21.

Item FPRC2-3.3	External Audit Annual Report 2020-21	
<p>Paper No: FPRC2-C</p>	<p>Lead: S Thompson</p>	<p>Action requested: Discuss</p>
<p>Discussion/ Matters Arising</p>	<p>ST requested feedback from members on the content of the report, which was further discussed.</p> <p>RQ updated members on the robust discussion undertaken at the last meeting of AAC, at which a number of issues relating to judgements and assessment scoring were raised with the Auditor.</p> <p>The Committee noted that a single agenda item meeting of the AAC will be held with External Audit for further consideration of the issues raised.</p>	

	The Committee considered the importance of establishing a fair and reasonable report which accurately reflects areas for improvement and recognised the need to put necessary actions in place to satisfactorily address the points raised.
Decision/Noted	To note the External Audit Annual Report 2020-21.

Item FPRC2-3.4	College Course Fees 2022-23	
Paper No: FPRC2-D	Lead: S Thompson	Action requested: Approve
Decision/Noted	To approved the 2022-23 course fees.	

Item FPRC2-3.5	Capital Planning – Background & Funding	
Paper No: FPRC2-E	Lead: M Drummond	Action requested: Discuss
Discussion/ Matters Arising	<p>MD provided the Committee with background information of the College's total gross fixed asset-base which was approximately £265m at the 2020-21 year-end. This is covered within the NPD contract, with management services, provided to maintain both campuses, reaching an annual charge of around £22.5m. The ongoing challenge for the College to maintain, replace and renew all other capital (fixed asset) requirements was further detailed.</p> <p>MD advised that capital planning for 2021-22 is now required as many of the College IT assets purchased during the relocation to the new campuses (in 2015-16) are now reaching end of life and require replacement. The summary of assets due for replacement (totalling £3m-4m per annum) were noted.</p> <p>Discussion followed on the challenge of meeting unitary charge capital investment payments from financial revenue. LW commended the background report and reminded the Committee of the contractual obligation required for meeting unitary charge payments, which are critical. LW considered that these should continue to be met through capital grant funding. LW further added that all capital spend should be business critical and a long-term strategy (ie beyond the next 3 to 4 years) should be developed.</p> <p>The significant gap between the need for an annual cycle of asset replacement and funding available was recognised and the Committee reviewed the options identified for addressing this gap. As capital planning and project prioritisation will remain an ongoing process, it was agreed that this be a standing item at future meetings.</p>	
Decision/Noted	<ul style="list-style-type: none"> • To note the background report. • That Capital Expenditure be a standing item at all FPRC meetings. 	

Item FPRC2-3.6	Capital Expenditure	
Paper No: FPRC2-F	Lead: Mark Drummond	Action requested: Approve

Discussion/ Matters Arising	<p>As identified under item 3.5 and following a review of the fixed asset register, the high priority, business critical capital expenditure project requirements across the College were submitted. It was recognised that to fund the total capital requirement, an application to the College foundation would also be required.</p> <p>The Committee approved the expenditure with the caveat to add a further decision gateway to review commitments on projects, should the foundation application not be approved.</p> <p>BA highlighted the challenging deadlines for project delivery particularly the lead time required for computer device replacement, as orders would need to be placed early January 2022. ST proposed that the application to the foundation be submitted for consideration prior to the end of December.</p>
Decision/Noted	<ul style="list-style-type: none"> • To approve the initial tranche of business critical and high priority Capital Projects for immediate implementation. • To approve an application to the College Foundation for funding as recommended, with a “stop-check” gateway should this be refused.

Item FPRC2-3.7	Annual Procurement Report 2020-21	
Paper No: FPRC2-G	Lead: Stuart Thompson	Action requested: Approve
Decision/Noted	The Committee endorsed the Annual Procurement Report 2020-2021 for approval by the full Board of Management on 15 December 2021.	

Item FPRC2-3.8	Digital Strategy	
Paper No: FPRC2-H	Lead: Barry Ashcroft	Action requested: Approve
Decision/Noted	The Committee approved the final design of the Digital Strategy for publication.	

Item FPRC2-4.1	Health and Safety Quarterly Report	
Paper No: FPRC2-I	Lead: Chris Keenan	Action requested: Discuss
Decision/Noted	The Committee noted the Health and Safety Report – 1 August to 31 October 2021.	

Item FPRC2-4.2	Financial Forecast Report 2021-22	
Paper No: FPRC2-J	Lead: M Drummond	Action requested: Discuss
Discussion/ Matters Arising	<p>MD reported that the 2021-22 underlying operating deficit will increase to £840k. This adverse movement is largely driven by the ongoing effect of the pandemic on non-SFC income streams of International, Commercial and Student Accommodation (which is down by over £2m from the pre-pandemic position).</p> <p>MD provided a summary explanation of the forecast movements from budget which include the anticipated national pay agreement and</p>	

	increased national insurance contributions. The risks and opportunities to achieve or improve on the current forecast outturn were discussed and were further detailed within the report.
Decision/Noted	Members were concerned to note details of projections within the updated financial forecast report.

Item FPRC2-4.3	Financial Projection – 5 Year View	
Paper No: FPRC2-K	Lead: M Drummond	Action requested: Discuss
Discussion/ Matters Arising	<p>The updated 5-year Long Term Financial Planning projections, key assumptions, dependencies and sensitivities were submitted and the set of scenarios of high/medium/low risk were reviewed.</p> <p>MD explained the potential future gap required to reach an annual breakeven position and highlighted the need for controlled and sustainable management actions to close this gap. PL confirmed that the College is working towards a recovery plan to reach pre-pandemic levels.</p> <p>KK requested that a set list of initiatives would provide the Committee with greater understanding of the actions required to make progress against the targets set, and the decision points/phasing that would need to be taken. RQ also requested that progress be monitored within the 'Operating Surplus/Deficit by Scenario' graph which will help show that the College is moving towards an improved position ie Scenario 3. PL suggested that a dashboard could also be provided to monitor the progress and provide further assurance.</p>	
Decision/Noted	To update the report as agreed.	

Item FPRC2-4.4	Estates Masterplan Update	
Paper No: VERBAL	Lead: S Thompson	Action requested: Discuss
Discussion/ Matters Arising	<p>ST reported that given the ongoing transformational development of the current campuses, as the new blended learning approach is embedded into all courses, with generalised teaching spaces used for remote teaching, options for increased specialist areas to optimise the experience onsite are now being considered. Future aspirational proposals to evolve and develop the campuses, including development of the Maritime Innovation Centre at Riverside, and options for future use of the Charles Oakley Building, are currently in progress, and a full, detailed report will be submitted at the next meeting of the Board in December.</p> <p>Whilst members agreed that wider Board review would be appropriate, they requested that the proposed Masterplan be submitted to the FPRC meeting in advance. ST informed that any delay in the decision-making process may impact on the potential purchase of the Phoenix Centre which is now time-critical. Members agreed that an extraordinary meeting to review the masterplan report would be arranged for mid-late January. The final paper will be submitted at the Board Planning event on 23 February 2022.</p>	

Decision/Noted	That an extra ordinary meeting of the Committee to further review and discuss the proposed Estates Masterplan be scheduled for January 2022.
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Item FPRC2-4.5 IT Progress Report	
Paper No: FPRC2-L	Lead: B Ashcroft Action requested: Discuss
Discussion/ Matters Arising	<p>BA highlighted the next steps required for recovery of the 300 Student Loan Laptops which have still to be returned from 2020-21. BA further reported that students involved have been contacted multiple times and all other avenues have now been exhausted.</p> <p>Whilst members did not wish any detrimental impact on students involved, the requirement to safeguard College/public assets was seen as significant. It was agreed that as the overall number of unreturned laptops was substantial they should not be 'written off ' as unrecoverable debt and laptop costs should be passed to a debt recovery agency.</p> <p>PL advised that debt recovery would be counterproductive particularly given the potential fragility of student circumstances at this time, and suggested that further steps should be consider before this action be taken. A Students' Association social media campaign was suggested.</p>
Decision/Noted	<ul style="list-style-type: none"> • That the view of the Committee would be to recover the debt; however alternative options will be investigated in advance of passing to a debt recovery agency. • That appropriate communication providing advice on the reasons for this justification be prepared in advance of any potential adverse publicity.

Item FPRC2-4.6 Strategic Risk Review	
Paper No: FPRC2-M	Lead: P Clark Action requested: Discuss
Decision/Noted	To note the report.

Item FPRC2-5.1 Facilities Management Report	
Paper No: FPRC2-N	Lead: S Thompson Action requested: Note
Decision/Noted	To note the report.

Item FPRC2-5.2 Sector Financial Benchmarking	
Paper No: FPRC2-O	Lead: M Drummond Action requested: Note
Decision/Noted	To note the report.

Item FPRC2-5.3 Treasury Management Report	
Paper No: FPRC2-P	Lead: S Thompson Action requested: Note
Decision/Noted	To note the report.

Item FPRC2-5.4	Credit Delivery Update	
Paper No: FPRC2-Q	Lead: S Thompson	Action requested: Note
Decision/Noted	To note the report.	

Item FPRC2-5.5	IT Effectiveness Report Update	
Item FPRC2-5.6	Finance Effectiveness Report Update	
Paper No: FPRC2-R/ FPRC2-S	Lead: S Thompson	Action requested: Note
Decision/Noted	To note the good progress made to date.	

Item FPRC2-5.7	FR Authorised Limits Report	
Paper No: FPRC2-T	Lead: S Thompson	Action requested: Note
Decision/Noted	To note the report.	

Item FPRC2-5.8	Fraud Closure Report	
Paper No: FPRC2-U	Lead: P Little	Action requested: Note
Decision/Noted	To note the report. As the circulation of this report was late, LW confirmed that she had not had an opportunity to review the content in detail. PL confirmed that the report would also be submitted at the full Board on 15 December for further review and comment.	

Item FPRC2-6	Any Other Notified Business	
Paper No:	Lead: Convener	Action requested: Note
Decision/Noted	None.	

Item FPRC2-7	Disclosability of Papers	
Paper No:	Lead: P Clark	Action requested: Verbal
Decision/Noted	That the disclosability status of papers as described on respective cover sheets be retained.	

Item FPRC2-8	Date of Next Meeting	
Paper No:	Lead: Convener	Action requested: Note
Decision/Noted	Additional Extra Ordinary Meeting – January 2022 (date tbc) Next Scheduled meeting of FPRC - Wednesday 9 March 2022	

The meeting closed at 1845 hours.

ANNEX TO THE MINUTE

ACTION POINTS ARISING FROM THE MEETING

Item	Description	Owner	Target Date
FPRC2-3.1 01 12 21	MA, Forecast Financial Plan: RAG rate initiatives.	ST/MD	09 03 22
FPRC2-3.2 01 12 21	Annual Report & Accounts 20-21: Submit EA Letter of Representation at next Board meeting.	ST	15 12 21
FPRC2-3.5 01 12 21	Capital Planning: Capital Expenditure be a standing item at all future meetings.	ST/MD/PC	Ongoing
FPRC2-4.4 01 12 21	Estates Masterplan Update: Schedule an Extraordinary meeting of FPRC.	PC	Jan 2022
FPRC2-4.5 01 12 21	IT Progress Report: Consider alternative options prior to passing to debt recovery agency.	BA	Ongoing
FPRC2-4.5 01 12 21	IT Progress Report: Arrange communication advice as required.	BA	Ongoing

ACTION POINTS ARISING FROM THE MEETING

Item	Description	Owner	Target Date
FPRC1-4.3 29 09 21	Forecast Financial Plan 2021-22: To provide a progress report on additional initiatives.	ST/MD	09 03 22
FPRC1-4.4 29 09 21	Committee Meeting Time: Review Committee meeting time.	PC	ASAP Complete
FPRC4-3.1 02 06 21	COB: Submit options appraisal paper at December meeting.	PL/ST	01 12 21 Complete
FPRC4-3.3 02 06 21	My Development: Update Business Case as agreed.	JFG	ASAP