

## Board of Management

### Meeting of the Finance Committee

MINUTE OF THE 2<sup>nd</sup> MEETING HELD ON WEDNESDAY 27 NOVEMBER 2024 AT 1600 HRS  
(FC2) ON CITY CAMPUS, ROOM C.06.106

Present	
Ronnie Quinn (Convener)	Paul Little
Laura Heggie	
In attendance	
Ciara McCarthy	Nathan Imeson (Interpreter)
Andrew Dickson	Drew McGowan
Ruth Donaldson (Interpreter)	Laura Shields
Deborah Fagan (Items 1-3 only)	Ann Butcher (Minute)
Apologies for absence	
Douglas Baillie	Polly Vaker

Item FC2-1	Apologies for Absence	
Paper No: Verbal	Lead: Convener	Action requested: Note
Decision/Noted	Apologies were received from D Baillie and P Vaker.	

Item FC2-2	Declarations of Interest	
Paper No: Verbal	Lead: Convener	Action requested: Note
Decision/Noted	None.	

Item FC2-3.1	Minute of Previous Meeting held on 11 September 2024	
Paper No: FC2-A	Lead: Convener	Action requested: Approve
Decision/Noted	<p>The Committee approved the minute.</p> <p><b>Matters Arising</b>  <b>College Course Fees 25-26</b>            The College has engaged with Edinburgh, Kelvin and Clyde Colleges regarding benchmark figures and information will be shared when available.</p> <p><b>Strategic Risk Review</b>            D McGowan informed members that a new risk (SR28), failure to manage the College's strategic, physical and digital assets has been added to the Risk Register. The Committee noted that it was not recommended to add a similar risk related to operational assets.</p> <p><b>Network Refresh Business Case</b>            An update will be provided at the next meeting including decision gates.</p>	

Item FC2-3.2		Annual Procurement Report 2023-24
Paper No: FC2-B	Lead: D Fagan	Action requested: Approve
Discussion	<p>D Fagan provided a brief overview of the report which evidences the progress made by procurement over the reporting period and against the Strategic Objectives set out in the Colleges Procurement Strategy 2022 – 2026. Key highlights included no non-compliant spend, an 8% increase in collaborative spend, goods and services expenditure spent on SME's (37% of the total active suppliers). Other achievements included increased cash and non-cash savings, increase in compliant regulated contracts and future plans for regulated tenders over the next 2 years. Additionally, a new section on climate change activities was introduced including a Climate Change Sustainable Purchasing eLearning Module and embedding of Sustainable Development Goals into tender documents.</p> <p>R Quinn praised the report which was clear and informative but noted the categories outlined in Appendix A which were not clearly defined. D Fagan clarified the categories and confirmed that a table explaining them would be added to the report.</p> <p>L Heggie referred to the objective of improving contract resilience and given the mix of contracts and suppliers, enquired about the contingencies and business continuity plans in place to address potential cyber or operational disruptions. D Fagan outlined the various approaches to contract management, emphasising that strategic management is closely aligned with the risk register, where risks are actively monitored and managed throughout the contract lifecycle. She also confirmed that internal stakeholders play an active role in managing relevant contracts. D McGowan added that Finance and Procurement have a Business Recovery Plan in place that integrates into the College's broader business continuity planning.</p> <p>The importance of community benefit requirements was also highlighted. D Fagan confirmed that while regulations require inclusion of community benefit clauses for all procurement over £4m, this is also incorporated into all tenders.</p>	
Decision/Noted	That subject to agreed amendment, the Annual Procurement Report 2023-24 be recommended for approval by the Board on 11 12 24 for publication on the College website by 31 12 24.	

Item FC2-3.3		Student Accommodation Charges 2025-26
Paper No: FC2-C	Lead: A Dickson	Action requested: Approve
Discussion	<p>A Dickson reminded the Committee that the College operates two locations providing student accommodation and informed that notice had been served in October to terminate the lease for St Luke's which includes a 5-year cancellation period. He further explained that the proposed Innovation Centre on Riverside Campus will include a replacement accommodation block. In the interim, it was suggested that the College will focus on minimising losses associated with St Luke's during the cancellation period.</p>	

	A Dickson informed that the proposed increase in accommodation rates were determined through a comparison with the local market to remain competitive while ensuring value for money. The Committee approved the proposed price increase of approximately 3%.
<b>Decision/Noted</b>	To approve the price increase for the College student accommodation.

<b>Item FC2-3.4</b>	<b>Asset Management Policy</b>	
<b>Paper No: FC2-D</b>	Lead: D Fagan	Action requested: Approve
<b>Discussion</b>	<p>D Fagan introduced the new Asset Management Policy which had been developed after the appointment of the Asset Manager and extensive consultation with internal stakeholders. She explained that the new Asset Management Framework, which includes the Policy, and its Procedures will establish a systematic and transparent approach to managing physical assets.</p> <p>R Quinn suggested that as this is a new policy with newly introduced processes and procedures, it should be reviewed annually to incorporate efficiencies and insights gained from experience. This was agreed.</p> <p>P Little praised the comprehensive Policy but suggested improving its logical flow and replacing the term 'ownership' of assets to 'stewardship' which was also agreed.</p>	
<b>Decision/Noted</b>	The Asset Management Policy was approved subject to agreed amendments.	

*D Fagan left the meeting.*

<b>Item FC2-4.1</b>	<b>Q1 Financial Update 2024-25</b>	
<b>Paper No: FC2-E</b>	Lead: A Dickson	Action requested: Discuss
<b>Discussion</b>	<p>A Dickson provided an update on the Q1 2024/25 financial position compared to the 2024/25 budget. The projected year-end position shows an improvement in the deficit. This has been driven mainly by income from the College Foundation and net savings in staff costs from voluntary severance which offset the reduction in tuition fee income.</p> <p>The most material key sensitivities in managing the current forecast position were highlighted primarily by confirmation from the Scottish Government (SG) on funding of the Scottish Teachers Superannuation Scheme and the additional costs likely to be incurred reflecting the recent government announcement of an increase in employers' National Insurance.</p> <p>The Committee welcomed the improved financial position and discussed the key assumptions and sensitivities underpinning the forecast.</p>	
<b>Decision/Noted</b>	To discuss the Q1 financial update.	

Item FC2-4.2		Financial Projection: 5-Year View	
Paper No: FC2-F	Lead: A Dickson	Action requested: Discuss	
Discussion	<p>The updated 5-year financial projection setting out key assumptions, dependencies and sensitivities potentially impacting the College’s long-term financial sustainability were discussed.</p> <p>A Dickson presented an overview of two scenarios, emphasising the challenges posed by the pandemic, reduced public sector funding and rising costs of goods and services. He reminded that while the Scottish Funding Council (SFC) maintained its core teaching funding at the same level as in 2023/24, the grant for 2024/25 remains flat cash. This represents real terms cut due to inflation, making the ‘do nothing’ steady state approach unsustainable.</p> <p>A Dickson highlighted that commercial income growth together with cost-base efficiencies would be required to reach an underlying operating surplus. He also informed that maintaining a positive cash balance will enable capital expenditure from 2025-26 onwards, which is necessary as the capital and maintenance grant has not increased in several years.</p> <p>R Quinn noted that the underlying cash balance, which he considered to be tight, could pose challenges for ongoing operations if it were to decline further. While this was not currently a significant issue, it could become problematic and would require close day-to-day management. P Little suggested including a series of accounting ratios in the report to help members stay informed and monitor the financial situation. This would enable tracking of the cash position and highlight the importance of maintaining solvency and sufficient cash days in hand.</p> <p>L Heggie welcomed the idea of monitoring and reporting on accounting ratios and suggested that introducing a target would also be beneficial. This approach would help ensure members remain aware of the situation and the scale of the issue, potentially by presenting it on a range basis.</p>		
Decision/Noted	To update as discussed.		

Item FC2-4.3		Treasury Management Report – Q1 2024-25	
Paper No: FC2-G	Lead: L Shields	Action requested: Discuss	
Discussion	<p>L Shields introduced the newly evolving treasury management report, which provides an update on the College’s investment strategy and performance. While this is usually presented as an annual report, she proposed moving to a quarterly report as part of the five-year plan. This report represented the Q1 update.</p> <p>The Committee received an overview of the existing account balances and the credit ratings of the financial institutions where the College invests, offering assurance of their financial stability. L Shields also informed the Committee that the College is reviewing its current bank contracts to explore options for placing funds in short and medium term investments to earn interest.</p>		

	<p>R Quinn suggested also incorporating accounting ratios into this report for a more comprehensive overview. L Heggie added that including a key to explain the credit ratings would improve understanding. P Little agreed noting that the report would be particularly useful once the NPD contract expires. He also suggested incorporating exchange rates under Section 5.</p> <p>Although it was acknowledged that the College remains under contract with its current banking providers, the Committee recommended diversifying investments across other institutions to mitigate risk, especially if more favourable rates are available elsewhere.</p> <p>R Quinn welcomed the evolving report and supported the idea of it being presented quarterly.</p>
Decision/Noted	To discuss the report, noting that it would be presented quarterly. To update as discussed.

Item FC2-4.4	Strategic Risk Review	
Paper No: FC2-H	Lead: D McGowan	Action requested: Discuss
Discussion Matters Arising	<p>D McGowan submitted the outcome of the quarterly review of the Strategic Risk Register and Management Action Plans (MAPs) reported to the Committee.</p> <p>Given that the Foundation's funds are diminishing, the Committee discussed SR21 and how to manage this going forward.. P Little emphasised the importance of planning for a replacement foundation and members agreed with this direction.</p> <p>The Committee discussed SR19, particularly considering the small forecasted deficit for 2024-25. It was agreed that the probability be increased to 4 with a revised Risk Score of 16 (red).</p>	
Decision/Noted	To approve the amendment to SR19 risk score.	

Item FC2-5.1	Q1 Non-Compliant Spend Report 2024-25	
Paper No: FC2-I	Lead: A Dickson/D Fagan	Action requested: Note
Discussion	The Committee noted that all Q1 spend was compliant. R Quinn thanked D Fagan and the procurement team for this significant achievement.	
Decision/Noted	To note the report.	

Item FC2-5.2	Credit Delivery Update	
Paper No: FC2-J	Lead: A Dickson/M Green	Action requested: Note
Discussion	The Committee noted that the College had met the SFC's credit target for 2023-24. The credit delivery projection for 2024-25 is currently on target to meet the SFC credit allocation. The comparison of credits allocated to the College in 2024-25 against the Glasgow Region was noted.	
Decision/Noted	To note the report.	

Item FC2-5.3	Annual Report on SFC Financial memorandum Delegated Limits and Expenditure	
Paper No: FC2-K	Lead: A Dickson/L Shields	Action requested: Note
Discussion	<p>L Shields reported that in compliance with the Public Services Reform (Scotland) Act 2010, the statement of expenditure incurred in connection with public relations, overseas travel, hospitality and entertainment and external consultancy for 2023-24 was submitted for noting.</p> <p>L Heggie raised the idea of handling Public Relation (PR) services in-house, suggesting it could be more beneficial than relying on an external company. P Little highlighted the advantages of working with an external PR and affairs firm, emphasising their expertise, networks and influential connections.</p>	
Decision/Noted	To note the report.	

Item FC2-6	Any other Notified Business	
Paper No: Verbal	Lead: Convener	Action requested: Note
Decision/Noted	<p><b>Vice Convener</b></p> <p>R Quinn highlighted that as a matter of good governance, it would be beneficial to appoint a vice convener. He proposed L Heggie for the role and the Committee unanimously agreed to the nomination.</p>	

Item FC2-7	Review of Meeting	
Paper No: Verbal	Lead: Convener/D McGowan	Action requested: Note
Decision/Noted	The Committee agreed to highlight the positive year-end financial position for 2023-24, the compliant spend and the evolving treasury report to the Board's attention in the Governance Report.	

Item FC2-8	Disclosability of Papers	
Paper No: Verbal	Lead: D McGowan	Action requested: Note
Decision/Noted	That the disclosability status of papers be retained.	

Item FC2-9	Date of Next Meeting	
Paper No: Verbal	Lead: Convenor	Action requested: Note
Decision/Noted	The next meeting will be held on Wednesday 12 March 2025.	

*The meeting closed at 1720 hours.*

## **ANNEX TO THE MINUTE**

### **ACTION POINTS ARISING FROM THE MEETING**

<b>Item</b>	<b>Description</b>	<b>Owner</b>	<b>Target Date</b>
<b>FC2-3.1</b> 27 11 24	<b>MA - Network Refresh Business Case</b> An update will be provided at the next meeting including decision gates.	AD/SR	12 03 25
<b>FC2-3.2</b> 27 11 24	<b>Annual Procurement Report 23-24:</b> Update as agreed for Board approval.	AD/DF	11 12 24
<b>FC2-3.4</b> 27 11 24	<b>Asset Management Policy:</b> Update as agreed.	AD/DF	ASAP
<b>FC2-4.2</b> 27 11 24	<b>Financial Projection- 5 Year View:</b> Update as agreed.	AD	ASAP
<b>FC2-4.3</b> 27 11 24	<b>Treasury Management Report:</b> Update as agreed and submit quarterly.	LS	12 03 25

### **ACTION POINTS ARISING FROM THE PREVIOUS MEETING**

<b>Item</b>	<b>Description</b>	<b>Owner</b>	<b>Target Date</b>
<b>FC1-3.4</b> 11 09 24	<b>College Course Fees 25-26:</b> Provide benchmark figures from comparable institutions as agreed.	AD/LS	Ongoing
<b>FC1-4.2</b> 11 09 24	<b>Strategic Risk Review:</b> Provide new asset management risks.	AD/DM	DC 24 10 25 FC 27 11 24 <b>Complete</b>
<b>FC1-4.2</b> 11 09 24	<b>Strategic Risk Review:</b> Provide additional forward focussed information in the Risk MAPs	DM	FC 27 11 24 <b>Complete</b>
<b>FC3-4.1</b> 06 03 24	<b>Financial Forecast Updates:</b> Provide key defining acronyms.	AD/AS	Ongoing <b>Complete</b>
<b>FC3-5.3</b> 06 03 24	<b>Network Refresh Business Case:</b> Include decision gates.	SR/AD	Provide update at FC Mtg on 12 03 25