Board of Management
Finance Committee

Date of Meeting	**16 September 2026**
Paper No.	**FC1-G**
Agenda Item	**3.4**
Subject of Paper	**Review of Committee Business Against Terms of Reference**
FOISA Status	**Disclosable**
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Action	**For Discussion**

1. Recommendations

1.1. The Finance Committee is asked to:

- Note the mapping of the Committee's Schedule of Business, Performance Framework and Strategic Risk Register against the Committee's Terms of Reference.
- Discuss the adequacy and balance of oversight and assurance activity across the academic year.
- Consider whether any responsibilities within the Committee's remit would benefit from periodic thematic or strategic deep-dive discussion as part of future programmes of work.
- Consider whether there are any gaps in the Committee's current reporting, performance monitoring or assurance arrangements which should be addressed through future reports or agenda planning.
- Provide feedback on opportunities to strengthen the Committee's effectiveness in discharging its delegated responsibilities on behalf of the Board of Management.

2. Purpose

2.1. This paper presents a mapping exercise reviewing the Finance Committee's Schedule of Business, Performance Framework and Strategic Risk Register against its Terms of Reference. The exercise provides assurance that the Committee's programme of work enables effective oversight of the College's financial management, financial sustainability, budgeting, forecasting, procurement, treasury management and strategic financial risks,

whilst also identifying opportunities to strengthen oversight through targeted thematic discussions and enhanced alignment between the Committee's delegated responsibilities and annual programme of work.

3. Consultation

3.1. The mapping exercise has been developed with reference to the Committee's Terms of Reference, approved Schedule of Business, Performance Framework and Strategic Risk Register. The proposed mapping has also been informed by previous discussions regarding committee effectiveness, performance reporting and strategic risk oversight.

3.2. This mapping exercise has been undertaken in response to a request from the Committee at its June 2026 meeting to review the alignment between its Terms of Reference, Schedule of Business and committee-level performance measures.

4. Key Insights

4.1. The exercise confirms that all principal responsibilities delegated to the Committee are represented within the proposed Schedule of Business, Performance Framework, Strategic Risk Register and standing agenda arrangements. Collectively, these provide recurring oversight of financial performance, financial planning, procurement activity, treasury management, capital investment and financial sustainability.

4.2. The coverage against the Terms of Reference is summarised below. It should be noted that no significant gaps in assurance coverage have been identified through this exercise.

Terms of Reference Responsibility	Sept 2026	Nov 2026	Mar 2027	Jun 2027
Financial Performance Monitoring	✓	✓	✓	✓
Budget Setting and Approval				✓
Financial Forecasting	✓	✓	✓	✓
Treasury Management	✓	✓	✓	✓
Procurement Oversight	✓	✓	✓	✓
Strategic Risk Oversight	✓	✓	✓	✓
Capital Investment and Asset Management	✓			✓
Funding and SFC Returns	✓		✓	
Income Diversification and Sustainability	✓	✓		✓
Financial Memorandum Compliance		✓		
Committee Annual Reporting	✓			
Terms of Reference Review				✓
Schedule of Business Review				✓

4.3. The mapping confirms that every principal responsibility contained within the Committee's Terms of Reference is reflected within either the annual cycle of business, standing agenda items, performance reporting arrangements or strategic risk oversight processes.

4.4. The Committee benefits from recurring assurance throughout the year through standing agenda items including Quarterly Financial Updates, Strategic Risk Reviews, Treasury Management Reports, Credits Delivery Reports and Non-Compliant Spend Reports. Together, these provide ongoing visibility of the College's financial position, performance against budget, cash management, procurement compliance and emerging risks.

4.5. The exercise also highlights the degree of assurance obtained through multiple sources. Financial performance, financial sustainability and capital investment are each monitored through a combination of routine management reporting, performance measures and

strategic risk oversight. This layered approach provides the Committee with a strong degree of assurance whilst enabling consideration of issues from both operational and strategic perspectives.

4.6. The Committee's oversight is further supported through the Performance Framework, which includes measures relating to operating surplus, achievement of SFC credit targets and cash days in hand, together with a wider range of supporting financial, procurement and sustainability indicators. These measures provide an additional source of assurance regarding progress against the College's strategic objectives relating to financial sustainability and income diversification.

4.7. The Committee also receives assurance through oversight of three strategic risks directly aligned to its remit:

- SR19: Failure to achieve operating surplus.
- SR23: Failure to secure a sustainable model/level of funding.
- SR24: Failure to secure sufficient capital investment.

The inclusion of these risks within the Committee's regular agenda cycle supports ongoing scrutiny of the most significant financial challenges facing the College.

4.8. During discussion of the Committee's Schedule of Business for 2026-27, Members highlighted the importance of creating dedicated space within future agendas for strategic discussion and thematic deep dives, particularly in support of the College's emerging 2040 Strategy and consideration of long-term investment priorities. This mapping exercise therefore seeks not only to provide assurance regarding coverage of the Committee's delegated responsibilities but also to support discussion regarding where additional strategic scrutiny may add value.

4.9. The mapping exercise has identified several areas where assurance is primarily received through routine reporting, management updates and strategic risk monitoring rather than through dedicated thematic discussion by the Committee. Whilst this does not represent a gap in assurance coverage, Members may wish to consider whether periodic deep-dive discussions would provide additional opportunities for scrutiny, challenge and strategic oversight.

4.10. Potential areas for future consideration could include:

- The future college funding model, credit pricing and the implications for the College's medium and long-term financial sustainability. The Committee has previously undertaken significant discussion in this area and requested further engagement with the Scottish Funding Council regarding future funding reform.

- Financial sustainability, income diversification and the development of longer-term sustainability measures, including consideration of what constitutes a sustainable operating model for the College and the extent to which reliance on individual income streams can be reduced over time. Members have previously discussed the need for clearer long-term sustainability metrics and greater understanding of the characteristics of a sustainable financial model.

- Capital investment, asset sustainability and long-term investment priorities, including consideration of estate requirements, asset replacement obligations, asset condition, and future capital funding availability. Previous Committee discussions have highlighted concerns regarding the gap between investment requirements and available capital funding and the need for a more integrated view of asset condition and replacement priorities.

- Long-term investment priorities and their alignment to Strategy 2040.

- Financial resilience and scenario planning, including consideration of alternative funding, expenditure and operating assumptions and their implications for workforce planning and organisational sustainability. The Committee has previously requested additional scenario modelling and discussion regarding the affordability and sustainability of the College's operating model.

- Procurement performance, value for money, community benefits and sustainable procurement outcomes.

4.11. These areas are offered solely as examples of themes where assurance is already obtained through multiple sources and where occasional strategic discussion may add further value. Members may wish to identify alternative areas for deeper scrutiny based on emerging risks, sector developments or matters arising from routine financial reporting.

4.12. Overall, the exercise provides assurance that the proposed Schedule of Business, Performance Framework, Strategic Risk Register and standing agenda arrangements align closely with the Committee's Terms of Reference and provide comprehensive coverage of its delegated responsibilities. Any enhancements arising from this review would further strengthen the Committee's ability to provide effective scrutiny and assurance to the Board of Management regarding the College's financial stewardship and long-term sustainability.

5. Impact and Implications

5.1. Maintaining a clear line of sight between the Committee's Terms of Reference, Schedule of Business, Performance Framework and Strategic Risk Register supports effective governance, transparency and accountability. The mapping exercise provides assurance that the Committee is systematically discharging its delegated responsibilities on behalf of the Board of Management and that appropriate mechanisms are in place to oversee financial performance, financial sustainability, procurement activity and strategic financial risk.

6. Appendices

6.1. Appendix 1: Mapping of Committee Terms of Reference Against Schedule of Business, Performance Framework and Strategic Risk Register.

APPENDIX 1: Finance Committee Terms of Reference Mapping

Terms of Reference Responsibility	Schedule of Business Coverage	Performance Framework / KPI Coverage	Strategic Risk Coverage	Meeting(s)
Financial Strategy and Planning	Draft Budget; 5-Year Financial Projection	Operating Surplus; Cash Days in Hand	SR19; SR23	Nov; Jun
Financial Advice to Board	Quarterly Financial Update; Financial Projections	Operating Surplus	SR19; SR23	Throughout Year
Budget Approval and Monitoring	Draft Budget; Financial Updates	Operating Surplus	SR19	Throughout Year
Financial Sustainability	Financial Updates; Financial Projections	Operating Surplus; Cash Days in Hand	SR19; SR23	Throughout Year
Funding and SFC Returns	SFC Financial Forecast Return; SFC Grant Announcements	SFC Credit Target	SR23	Sept; Mar
Treasury Management	Treasury Management Reports	Cash Days in Hand	SR19	All Meetings
Procurement Oversight	Annual Procurement Report; Non-Compliant Spend Reports	Contract Coverage; Non-Compliant Spend; Procurement Savings	N/A	Throughout Year
Capital Investment	Capital Expenditure Budget	Capital Investment Measures	SR24	Nov
Income Diversification	Financial Updates; Financial Projections	Tuition Fee and Income Measures	SR23	Throughout Year
Financial Memorandum Compliance	Delegated Limits and Expenditure Report	Governance Measures	SR19	Nov
Asset Disposal and Write-Off	Asset Disposal and Write-Off Reports	Governance Measures	SR24	As Required
Strategic Risk Oversight	Strategic Risk Review	Multiple Measures	SR19; SR23; SR24	All Meetings
Committee Annual Reporting	Committee Annual Report	Governance Measure	All	Sept
Terms of Reference Review	Annual Review of Terms of Reference	Governance Measure	All	Jun
Committee Planning and Effectiveness	Schedule of Business Review	Governance Measure	All	Jun

This table demonstrates the relationship between the Committee's delegated responsibilities, annual programme of work, performance oversight arrangements and strategic risk scrutiny.