



Finance and General Purposes Committee
Draft minutes of meeting held on
Thursday 15 September 2022, 1.30pm
Held in the Boardroom

Present: Ben Cookman, (Convenor)
Peter Graham
David Patterson

In attendance: Shelly McInnes
Derek Duncan
Elaine Sutherland, (Clerk)
Eleanor Melton, (Minutes)

		ACTION	DATE
F.22.03.01	(i) Resignations		
1.1	It was noted that Calum Leese, the former student member, has resigned.		
	(ii) Appointments		
1.2	There are new appointments of Ben Cookman as Convener, Jamie Wilson and Melissa Carr (HISA)		
F.22.03.02	Apologies for Absence		
2.1	Apologies for absence were received from Jamie Wilson and Caroline Webster.		
F.22.03.03	Any Additional Declarations of Interest including specific items on this Agenda		
3.1	There were no additional declarations of interest.		
F.22.03.04	Draft minutes of Finance and General Purposes Committee meeting held on 15 June 2022		
4.1	The minutes of the Finance and General Purposes meeting held on 15 June 2022 were accepted as an accurate record of the meeting: Proposed: Peter Graham Seconded: David Patterson		
F.22.03.05	Draft Matters Arising from Finance and General Purposes Committee held 15 June 2022		
5.1	All actions were noted as complete or on the agenda.		
F.22.03.06	Emerging Issues		
	(i) Moray Growth Deal		
6.1	In a verbal update, David outlined progress on the two growth deal projects and asked the committee to agree what to report to next week's Board meeting. Following the departure in the summer of the MGD Project Manager, the College had advertised for 1.5 FTE replacement posts but have been unable to attract any suitable applicants. In the meantime, the project		

	<p>is being project managed by the Executive Office project management team, who hold weekly meetings with the Principal as the Senior Reporting Officer (SRO). The Business Enterprise (BE) Hub will be managed by a member of the College's Academic Partnerships team, who will undertake the reporting elements, and a full-time seconded post has been created to lead the further development of the project.</p> <p>Responding to questions, David explained that when the final business case is signed-off, the charges relating to the support provided by EO will effectively be refunded.</p>		
6.2	<p><u>MAATIC</u></p> <p>A change request has been submitted to both Governments to delay the full business case until February 2023, so that discussions can be completed with Boeing regarding their contribution to the project, and a review undertaken of the green economy workstream that could link to the MAATIC project. The key piece here being the Just Transition funding.</p>		
6.3	<p>Members were concerned about the extent of Boeing's commitment to the project and that the cost implications of locating the MAATIC building in Forres, including transporting students back and forth, have not been thought through. In response, it was pointed out that the detail of Boeing's commitment is what is being worked on and that the initial location close to RAF Lossiemouth had caused huge difficulties because it was full of unknowns and restrictions, whereas the location on the Forres Business Park was served by bus and the site was 'shovel-ready'.</p>		
6.4	<p><u>BE Hub</u></p> <p>Good progress was being made on the BE Hub. Discussions were ongoing to try to finalise a memorandum of understanding (MoU) with Moray Council and Robertson on the way forward. In David's opinion, they were close to a position that the College could agree to. It was proposed to postpone seeking legal advice to the next stage of the project.</p>		
6.5	<p>With regard to the Board's stipulation that the developers' costings be externally verified, it was noted that Moray Council have commissioned a consultant from their procurement framework to undertake this work. Ben questioned the timelines between the MoU and the tendering for the final contract. Cost profiles are moving very quickly, so we will need to be very agile. Shelly confirmed that the build will be on a fixed cost basis.</p>		
6.6	<p>Thereafter, it was agreed to deal with the MoU by circulation rather than by convening an additional Committee meeting.</p>	SM	In due course
6.7	<p>In response to a comment submitted by Caroline Webster, it was confirmed that there had only been one meeting since she had been appointed as the Board's representative on the MGD Programme Board, as there was no point in meeting until there is something to report.</p>		
F.22.03.07	Management Accounts		
	(i) Management Accounts to 31 July 2022		
7.1	<p>Shelly spoke to the commentary on the estimated outturn for FY 2021/22, which forecasted an underlying surplus of £350k. It</p>		

	was proposed to roll forward the surplus to 2022/23 by deferring income, and thereby reduce it to a break-even position. It was noted that the exact value to be deferred is still being worked through. £150k of deferred income relates to FE clawback, but it will be December before the SFC announces if there will be clawback. It was also noted that there is a risk that the auditors might want the College to provide against £81k of ESIF funding.		
7.2	Members commented that the Board had gone through a lot of pain to submit a budget for 2022/23 that they considered realistic. Hence, assurances were sought and given regarding the credibility of the current figures and how they would be presented. Although it could be perceived as due a lack of budgetary discipline, it was noted that the College was not alone and that the budgets of other academic partners have similar optics.		
7.3	In response to questions from the new Convenor, Shelly explained that the commentary is provided for the benefit of Board members and does not accompany the budget when it is submitted to UHI. Regarding the improved cash position, which was largely due to SFC capital funding being unspent by 31 July 2022, it was noted that this related to an inability to get contractors on site. However, all the capital funds have been committed in line with the College's Estates Strategy and the programmed roof repairs will take most of them.		
7.4	Discussion followed on the progress being made with the project to replace the roof deck on the Birnie Wing. It remained to be seen whether the estimate of £0.25m was realistic given that prices were continually rising. The bid evaluation will close next week, and the timing of the roof installation will depend on the results of that process and the availability of contractors.		
7.5	Thereafter, the Committee agreed that: <ul style="list-style-type: none"> I. The same commentary be shared with the Board II. The underlying surplus be moved to 2022/23 in order to present a break-even budget to the September meeting of the Board. III. The risk on capital expenditure (ESIF funding) is called out. 	SM	Immediate
F.22.03.08	Estates Updates		
	(i) Estates Capital and Back Log Maintenance Spend Plan		
8.1	Derek spoke to his report which provided an update on the spend plan for 2022/23, as previously endorsed by the Committee. It also included a commentary on work undertaken during the summer break, most of which was complete except for repairs to the Victoria Art building, which are more extensive than anticipated and will require additional funding to be found to carry out further survey work.		
8.2	Derek also outlined explained why three projects from the 2022/23 plan were currently under review, namely: <ul style="list-style-type: none"> I. Refurbishment of the refectory II. Beechtree fire suppression system 		

	III. Replacement of mains power transformer in the Speyside building.		
8.3	It was noted that the refectory was being updated rather than being repurposed in response to feedback from students and staff (on behalf of the students) and the numbers back on campus. Hence a decision was taken to provide a service via an external supplier for a trial period of a year. This required the removal of the gas supply and a move to a fully electric kitchen.		
8.4	It was also noted that the SFC have suggested that colleges may want to utilise capital and life cycle maintenance on ICT to support different ways of learning, although it cannot be used to replace desktop pcs or other hardware.		
8.5	In response to a questions Derek advised that: <ul style="list-style-type: none"> Retaining the refectory kitchen for a one-year trial will not impact on the college financially, apart from the electricity costs, but, beyond that, a more coherent proposal would need to go out to the market. Any plans to invest funds in ICT would need to come back to the Committee for approval. In terms of hardware, which always carries the risk of becoming obsolete, leasing may be a more cost-effective option going forward. <p>In response to a further question, Shelly confirmed that the College would require to borrow from UHI again this year, although the amount would depend upon staff cost increases.</p>		
	(ii) Development of Estates Strategy		
8.2	Derek recalled the process behind the development of the Estates Strategy 2022-2027, which was now presented for approval. The key deliverable is the development of an outline business case (OBC) for campus redevelopment, but this cannot proceed without the full support of, and engagement with, the RSB and the SFC. It is unclear what funding will be available over the next 5 years, but it is crucial that the college positions itself to be ready to respond to any changes in funding streams. It is hoped that the SFC will prioritise OBCs. Alongside this, the College must: rationalise the use of the campus in response to changes in working patterns post-COVID; ensure that there is effective room utilisation; and that everything possible is done to make our campuses sustainable. However, even life-cycle maintenance going forward is difficult to plan, as the RSB decides how our capital funding is distributed based on student numbers.		
8.3	In response to comments submitted by Caroline Webster, Derek acknowledged that the college is benchmarked against the sector for carbon output and that we are below average; agreed that we need to work out what an interim measure of success would be; and agreed to change the reference to net carbon zero to 'operational' net carbon zero.		
8.4	Ben questioned whether the teaching space utilisation percentages were comparable with other colleges, as he regarded them as scarily low. He also questioned how the college will push its agenda when others are pursuing the same funds. Derek indicated that we need to get the college back on		

	the agenda of politicians and the SFC. Derek acknowledged that it was the room utilisation figures were a risk but that a new utilisation survey would be undertaken this year and staff will be encouraged to be disciplined in their use of the room booking/timetabling system.		
8.5	Peter noted that at a recent meeting with the SFC, it was made clear that far from any additional funding being made available, a 10% cut in real terms is more likely and therefore we will probably have to consolidate campuses.		
8.6	Ben questioned whether the Estates Strategy links to the overall Strategic Plan and the five-year financial plans. Assurances were given that the Estates Strategy aligns with the overall strategy, which includes commitments to net carbon zero emissions and to the development of a new OBC for campus redevelopment. Shelly was comfortable that any residual risks are reflected accurately in the five-year forecast.		
8.7	The Estates strategy was approved by the Committee, subject to minor amendments (to cover the points raised by Caroline in 8.3 above) and will be presented for noting to the September Board.	DD	ASAP
F.22.03.09	Date of next meeting – 30 November 2022		
F.22.03.14	Emerging Issues		
	(i) Director of Finance - Additional Responsibility		
14.1	David reported that the College had been in discussion with UHI Shetland about Shelly assuming oversight of their finance team and operations. This would take up 30% of Shelly's time but was in the spirit of the UHI revitalisation programme and would result in savings for both colleges.		
	(ii) Just Transition Fund		
14.2	David recalled that the College had bid for £200k from the Scottish Government's Just Transition Fund for a feasibility programme to look at how we can make transition real in Moray. Whilst Moray has been awarded funding, the announcement of how much, which was due last week, has been delayed.		
RESERVED ITEMS			
F.22.03.10	Draft Reserved Minutes of Finance and General Purposes Committee Meeting held on 15 June 2022		
10.1	This item is reserved, and the minute held in confidence.		
F.22.03.11	Reserved Matters Arising of Finance and General Purposes Committee meeting held on 15 June 2022		
11.1	This item is reserved, and the minute held in confidence.		
F.22.03.12	Five-year Financial Forecast Return (FFR) 2022-27		
12.1	This item is reserved, and the minute held in confidence.		
F.22.03.13	Risk Register Update		
13.1	This item is reserved, and the minute held in confidence.		
	<i>Meeting closed at 15:10.</i>		

