

**Minute of the Meeting of the Business, Resources and
Infrastructure Committee
Held at Ayr Campus
On 20 November 2018**



(Paper 9)

Present: Tom Wallace (Committee Chair)
Nicki Beveridge (Vice Chair)
Heather Dunk
Chris Hall
Fiona McQueen
Hazel Murphy
Kevin Simpson
Steven Wallace
Marri Welsh

In attendance: Brendan Ferguson (Board Secretary)
Michael Breen (Vice Principal Finance and Skills)
Jane McKie (Vice Principal – People and Skills)
James Thomson (Director of Finance and Student Funding)
Liz Walker (Head of Financial Services)
Eleanor O'nyions (Executive Assistant)

1 Welcome and Declarations of Interest

The Chair welcomed everyone to the meeting. There were no declarations of interest.

2 Apologies

Apologies were received from Committee Member Alan Walker.

3 Minutes of the Previous Meeting held on 11 September 2018 *(Paper 1) P*

The minutes were approved as a correct record

Proposed: Willie Mackie
Seconded: Chris Hall

4 Matters Arising

Point 6 Page 2 (Paper 3) – Financial Regulations: Paragraph 13.3 had been amended to reflect that the accountable officer for Data Security was the Vice Principal whose portfolio of responsibilities included ICT.

Point 8 Page 2 (Paper 6) – Following the agreement reached between the College and C3 consortium the fund of £265K, established by C3 under the new Kilmarnock Campus NPD contract, to support Ayrshire College student's

enterprise activity, had been transferred to the Ayrshire College Foundation and had been ringfenced accordingly.

5 Delay Event

H Dunk verbally reported that she had attended a meeting of all parties the previous week. At the meeting, it had been decided that additional witness statements would be taken. A full report would be presented to the Extraordinary Meeting of the Board of Management scheduled to take place on 29 November 2018.

The Committee noted the above information.

6 2017-18 Financial Statements to July 2018 (Before Audit Finalisation) (Paper 2) (R)

M Breen introduced Paper 2 and took the Committee through the Financial Statements, explaining the variances and at the same time answering members' questions. The Committee noted that the Financial Statements were based on the management accounts presented and approved at its last meeting, adjusted for year-end accounting requirements, and had been submitted to external auditors, Mazars, on 22 October 2018. The audit fieldwork had been completed on 31 October 2018. The Committee noted that no material changes were expected following audit finalisation, although some sundry disclosure changes and minor reclassification of income and expenditure and balance sheet notes could still be requested by the auditors.

The Committee approved Paper 2 for consideration by the Audit Committee, prior to presentation to the Board Meeting on 6 December 2018.

The Committee congratulated the College Finance Team on their work in preparation for the External Audit.

7 Management Accounts to September 2018 (Paper 3) (P)

M Breen took the Committee through the management accounts, a standing paper for this Committee, explaining the variances recorded. M Breen added that it was still early in the trading cycle, and a clearer pattern would emerge as the year progressed. At the current time, all of the available information indicated that the College was trading within the agreed budget.

The Committee noted the content of Paper 3 and commented that the presentation continued to provide the correct level of information in a readily accessible format. The Committee asked that future papers should explicitly make clear the timing issue, in order to ensure that the reader clearly understood that the figures presented represented the fiscal position within the

cycle at the time the paper was prepared and that the situation would evolve as the full fiscal year unfolded.

The Committee approved the Management Accounts for the period.

8 Annual Health, Safety and Wellbeing Report 2017-18 (Paper 4) (P)

J McKie took the Committee through Paper 4 noting that the new electronic management reporting system implemented two years previously had now settled in and was proving to be a very valuable tool. The 2017-18 Report reflected a reasonable year and did not highlight anything untoward. A number of questions were asked and satisfactorily answered.

The Committee approved the Health, Safety and Wellbeing Report 2017-18.

9 PFI Funding / Update Business Improvement Plan (Verbal)

H Dunk provided the Committee with a verbal update on the PFI funding position for the Kilwinning campus. A two-year Financial Sustainability Proposal (FSP) had been prepared at the request of SFC and submitted on 9 October 2018. The document explained that, despite being consistently identified as a major risk to the College since vesting in 2013, no additional resource had ever been built into the annual College SFC grant to meet the burden of the PFI contract costs for the Kilwinning Campus, inherited from the legacy James Watt College at the time of merger. As a result, the College had been legally obliged to pay the principal and interest payments of the PFI contract, totalling c£6.8 million since merger, from its core grant. Given the additional and annually increasing cost pressures facing the College sector, this position was no longer sustainable. SFC had therefore requested the preparation of the FSP. H Dunk added that M Breen, J Thomson and L Walker had been in regular contact and discussion with SFC during the preparation of and subsequent to the submission of the FSC.

Three options had been drawn up to reflect various outcomes dependent on the solution favoured by SFC:

- A. Additional funding to support the full PFI capital and interest payments.
- B. Additional funding to support 50% of the PFI capital and interest payments.
- C. No additional support for the PFI capital and interest payments.

Each of the three options would still result in the College making staffing efficiencies due to other cost pressures, most notably unfunded cost of living increases; however, the level of the efficiencies varied depending on the option chosen. A response was received on 7 November 2018, indicating that SFC was willing to support the College using Option B.

In the meantime, the Executive Management Team had been working on a revised organisational structure, following responses from staff who had been

asked for their suggestions at the campus meetings held at the start of the session. As a result, proposals would be submitted to the Extraordinary Board Meeting to be held on 29 November 2018.

H Dunk concluded that she was confident that the College could make savings, but not without impact on staffing numbers.

The Committee noted the above verbal report and that discussions between the College and SFC were ongoing.

10 National Bargaining Update – Transfer to Permanency (Paper 5) (R)

J McKie updated the Committee on the progress of National Bargaining, for both curriculum and service staff, as set out in Paper 5. The Paper clearly set out the risks and issues surrounding “transfer to permanency” recently agreed with EIS-FELA and the support staff trade unions. The Committee noted the issues and risks associated with this process

The Committee noted the information contained in Paper 5 and looked forward to receiving further information on progress when known.

The Committee agreed that, in light of the risks attached to the “Transfer to Permanency” process, a new risk (BRIC8) be added to the Corporate Risk Register.

11 Nethermain Campus Update (Paper 6) (R)

M Breen explained to the Committee that the Nethermain lease had been extended previously to December 2019. Various options for a replacement facility had been explored in the past with key partners and most notably North Ayrshire Council. M Breen confirmed that a new build facility within the current Kilwinning campus site was the preferred option. It was also noted that the proceeds from the sale of the Craig campus and funding from NAC had been set aside already to contribute to overall costs. In addition, the College was in the process of determining other potential funders and updates would continue to be provided to the committee. A number of questions were asked and satisfactory responses received.

The Committee noted the content of Paper 6.

12 HR and Organisational Development Report (Paper 7) (P)

J McKie took the Committee through the above standing monitoring report with a number of points highlighted for information.

The Committee noted Paper 7.

13 2017-18 Student Support Funds Final Position – July 2018 (Paper 8) P

J Thomson took the Committee through Paper 8 as written, confirming that the student support funds position was currently within budget. J Thomson confirmed that modest additional funding request, based on current projections, could be made through the annual “In Year Redistribution” process.

The Committee noted the content of Paper 8.

14 2018-19 Trading & Restricted Funds Cashflow Projections as at 22 October 2018 (Paper 9) (R)

J Thomson took the Committee through Paper 9 as written. During the discussion that followed, a number of questions were asked and satisfactory responses received. The Committee commended the work done in producing the quality of analysis contained within Paper 9.

The Committee noted the content of Paper 9.

15 SFC Funded Capital Expenditure Position at October 2018 (Paper 10) (P)

M Breen introduced Paper 10 and provided the Committee with an update on the SFC funded FY 2018-19-capital programme. The Committee noted that the programme was currently on time and within budget.

The Committee noted the content of Paper 10.

16 2018 Summer Works Projects – Final Financial Position (Paper 11) (P)

H Dunk introduced Paper 11 and noted that the work was completed £133K under the agreed budget.

The Chair noted that that this had been a well-considered, complex and excellently managed project and that the College deserved great credit for bringing it in on time and under budget.

The Committee noted and welcomed Paper 11.

The Committee thanked Donna Vallance and Janice Steel in particular for their tremendous work and commitment over the summer of 2018 in completing a well-managed and delivered project under budget.

20 AOCB

H Dunk noted that Ayrshire College student Fraser Wallace had won Apprentice of the Year and Scottish Apprentice of the year.

H Dunk also noted that, as agreed with the Board Chair, award-winning students, including Fraser Wallace, would attend the first half hour of the forthcoming Board of Management meeting on Thursday 6 December, in order that the Board could convey their congratulations.

The Chair noted his thanks to M Breen, J Thomson, L Walker and J McKie for the quality of the papers prepared and the analysis presented.

19 Date of Next Meeting – Tuesday 12 March 2019 in Kilmarnock Campus

P – Paper will be published on the College Website

R – Paper is reserved, because it contains data or information of a personal nature, which is restricted by legislation, or because it contains commercially sensitive information, and will not be published on the College Website