

**NORTH EAST
SCOTLAND
COLLEGE**



FINANCE & RESOURCES COMMITTEE

Meeting of 20 May 2020

FINANCE & RESOURCES COMMITTEE

NOTICE

There will be a meeting of the Finance & Resources Committee on Wednesday 20 May 2020 at 1230 hours through the use of Microsoft Teams.

AGENDA

Agenda Item		Paper
13-20	Apologies for Absence	
14-20	Declaration of any Potential Conflicts of Interest in relation to any Agenda Items	
15-20	Minute of Previous Meeting – 19 February 2020	X
16-20	Matters Arising from the Previous Meeting	X
	Matter for Discussion	
17-20	Analysis of Final SFC Funding Allocation 2020-21	X
	Matter for Information	
18-20	Summer Works Programme	X
19-20	Summation of Business and Date of Next Meeting	
	Reserved Items of Business	
	Matters for Decision	
20-20	Budget Review	
21-20	2020-21 Draft Budget & Capital Plan	
22-20	Any Other Business	
23-20	Summation of Reserved Items of Business	



Agenda Item 15-20

FINANCE & RESOURCES COMMITTEE

Draft Minutes of the meeting of the Finance & Resources Committee held on Wednesday 19 February 2020 at 1235 hours in G10, Aberdeen City Campus.

Agenda Item	
	<p>Present: Neil Cowie Abdul Elghedafi John Henderson – Chair Ken Milroy Sheena Ross</p> <p>In attendance: Peter Smith, Vice Principal Finance & Resources Pauline May, Secretary to the Board Susan Lawrance, Minute Secretary</p>
01-20	<p>Apologies: Apologies were received from Dave Anderson; Martin Dear; Neil McLennan, and Ellis Watt.</p>
02-20	<p>Declaration of any Potential Conflicts of Interest in relation to any Agenda Items No declarations were noted.</p>
03-20	<p>Minutes of Previous Meeting – 28 November 2019 The minutes were approved as a true and accurate record.</p>
04-20	<p>Matters Arising from the Previous Meeting Members noted the Matters Arising Report. No additional matters were discussed.</p>
	<p>Matters for Discussion</p>
05-20	<p>NESCol Contracts Overview The Committee considered a paper providing information on the actual value of College contracts with a supplier spend in excess of £100,000 per annum against budgeted and contracted amounts for AY2018-19.</p> <p>Members noted that this information had been requested some time ago and was now being provided due to the availability of information for a complete academic year. P Smith providing a summary of the approach taken to prepare the overview. In relation to a query on variances between budgeted and actual spend P Smith confirmed why these had occurred, providing additional information in relation to Mitie and Protocol, and reassured Members that no areas of concern had been identified.</p> <p>It was noted that a number of the contracts ceased in 2020. P Smith advised that a tender schedule had been prepared and was been shared with the Board's Audit & Risk Committee at its last meeting in November 2019.</p>

06-20	<p>Environmental and Sustainability Annual Report Members considered a report providing details of the College's progress throughout AY2018-19 with regard to environment and sustainability performance.</p> <p>P Smith advised that the Report was presented to the Committee to demonstrate that the College is meeting both its legal and moral obligations. Members agreed that it was important to have oversight of how sustainability is being embedded across the College.</p> <p>A discussion was held in relation to the College's net zero ambitions and potential negative impacts that its supply chain could have on these. In relation to the College's tendering process, P Smith advised that sustainability is given an appropriate weighting.</p> <p>A discussion was also held on the College's sustainable fleet, with P Smith advising that use of the electric vehicles was increasing. N Cowie commented on Aberdeen City Council's ambitions for hydrogen transport, adding that the College would seek to influence regional discussions for energy transition partnership working. Members agreed that students and employers will expect the College to be contributing to addressing the climate emergency, especially in terms of regional initiatives.</p> <p>It was agreed that it was important for the College to increase external awareness of its sustainability ambitions and initiatives. The establishment of the College's Sustainability Committee was highlighted, with P Smith advising that the Committee would shortly be developing a communications plan for this. N Cowie added that the College's newly appointed Director of Marketing & Communications would be working to support the College in strengthening its external stakeholder engagement and that this will include the College's profile in terms of sustainability,</p> <p>In relation to the promotion of sustainability internally, it was noted that this should be considered for any future staff award ceremonies. In terms of students. It was reported that a 'Go Green' award had been proposed for this year's Student Achievement and Citizenship Awards.</p>
	<p>Matters for Information</p>
07-20	<p>Estate Strategy Update The Committee noted a paper providing information on the current status of the College's Estates Strategy.</p> <p>In relation to the recent announcement of the Scottish Government's draft budget, increases to capital funding were noted with the caveat that a significant amount had already been earmarked for existing commitments to major capital works in the college sector.</p> <p>P Smith providing additional information on recent discussions with the SFC regarding NESCol possibly receiving additional revenue funding for estates development.</p> <p>In response to a query, P Smith advised on potential areas of development if money was to be made available to the College, including a focus on improving the learning environment for students at the Aberdeen City Campus.</p>

	<p>Following a request from A Elghedafi, an update was provided in relation to the sale of the site of the former Balgownie Centre, with P Smith advising that the closing date for bids had been at the end of November 2019. Members were advised that clarifications currently being sought by Shepherds on behalf of the College would enable a recommendation to be presented to the Regional Board at its meeting scheduled for March 2020.</p>
08-20	<p>SFC Publication – The Financial Sustainability of Colleges and Universities in Scotland The Committee noted a recent SFC publication on sector financial sustainability. Attendees commented that the report did not contain any 'surprises'.</p> <p>A short discussion followed on the recent announcement of the draft Scottish budget. K Milroy noted the inclusion of a SFC Change Fund in the sector's budget bid to the Scottish Government, adding that this was in part linked to an expected change to the SFC's funding formula. A College Principals Group meeting to be held the following day to discuss future funding arrangements was noted, with N Cowie advising that he would share relevant feedback with Members.</p>
09-20	<p>Summation of Business and Date of Next Meeting The Secretary gave a summation of the business conducted. The next meeting of the Finance & Resources Committee is scheduled to take place on Wednesday 20 May 2020 at 1130 hours at the Aberdeen City Campus.</p>
	<p>Reserved Items of Business – Matter for Discussion – Performance Reporting</p>
10-20	<p>Management Accounts</p>
11-20	<p>Any Other Business No other business was noted.</p>
12-20	<p>Summation of Reserved Items of Business The Secretary gave a summation of the reserved business conducted</p>

	Meeting ended at 1315 hours
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Agenda Item	Actions from Finance & Resources Committee 19/02/20	Responsibility	Deadline
07-20	Update Regional Board on developments relating to sale of site of former Balgownie Centre.	P Smith	18 March 2020
08-20	Share feedback from the College Principals Group meeting held on 20 February with Committee as appropriate.	N Cowie	As appropriate
10-20			

Signed:.....

Date:



Agenda Item 16-20

FINANCE & RESOURCES COMMITTEE

An update on matters arising from the meeting of the Finance & Resources Committee held on Wednesday 19 February 2020.

Agenda Item	
07-20	<p>Action: Update Regional Board on developments relating to sale of site of former Balgownie Centre.</p>
	<p>Status: At its meeting on 08 April 2020, the Board approved the award of preferred bidder status to Robertsons for the sale of the site of the former Balgownie Centre.</p> <p>It was reported at the meeting that the College would need to seek approval from the SFC and Scottish Government regarding disposal of the site. In addition, permission to retain the proceeds from the sale of the site would also need to be granted by the SFC.</p>
08-20	<p>Action: Share feedback from the College Principals Group meeting held on 20 February with Committee as appropriate.</p>
	<p>Status: The frequency of College Principals Group meetings has increased in light of the COVID-19 pandemic, with the Principal sharing updates at Board Updates and Board and Committee Meetings. Updates relevant to the remit of the Committee will be shared with Members at the meeting on 20 May 2020.</p>
10-20	<p>Action:</p>
	<p>Status:</p>



FINANCE & RESOURCES COMMITTEE	
Meeting of 20 May 2020	
Title: Analysis of Final SFC Funding Allocation 2020-21	
Author: Peter D Smith, Vice Principal – Finance & Resources	Contributor(s):
Type of Agenda Item:	
For Decision <input type="checkbox"/>	
For Discussion <input checked="" type="checkbox"/>	
For Information <input type="checkbox"/>	
Reserved Item of Business <input type="checkbox"/>	
Purpose: To enable the Committee to discuss the College's funding allocation for 2020-21, as announced by the Scottish Funding Council.	
Linked to Strategic Goal:	
5. Optimise the use of our available resources to deliver financial and environmental sustainability.	
Linked to Annual Priority:	
18. Deliver a financial plan that reduces reliance on SFC funding and ASET gift-aid and increases capacity for in-year resourcing flexibility.	
Executive Summary:	
On 07 April 2020, the Scottish Funding Council (SFC) published its "College Outcome Agreement Funding Allocations for AY 2020-21", detailing college funding for the period 01 August 2020 to 31 July 2021. The full announcement is available here: http://www.sfc.ac.uk/publications-statistics/announcements/2020/SFCAN062020.aspx	
Although the COVID-19 pandemic has significantly impacted on public funding and further education finance and is expected to continue to do so at least into 2020-21, SFC have stated they remain committed to the allocations in the announcement.	

The impacts for NESCol can be summarised as:-

	2019-20 Allocation	2020-21 Allocation	Change	Change %
Teaching Funding	£32,258,272	£33,625,213	£1,366,942	+4.2%
Student Activity (credit Target (core))	133,070	129,770	(3,300)	-2.5%
Student Support Funding	£8,998,667	£9,341,649	£342,982	+3.8%
Capital	£2,309,000	£3,446,000	£1,137,000	+49.2%

Teaching Funding

The £1.367k increase represents a 4.2% increase on the original 2019-20 teaching funding grant. The SFC have announced an additional £228k allocation in 2019-20 to provide support for additional pension costs, meaning the like-for-like increase is 3.5%. £684k of the increase in 2020-21 is for additional pension costs, the balance of £683k is a cost-of-living increase.

Student Activity Target

The student activity target has been reduced, with no corresponding reduction in funding, recognising the College's discussions with SFC and the re-balancing of funding following historic efficiencies.

Student Support Funding

This has been increased in line with national priorities and, all other things being equal, is expected to be sufficient.

Capital

The increase to capital is targeted at high priority backlog maintenance, recognising the College has one of the highest backlog maintenance levels in the sector.

Summary

The effects of the funding announcement will be included in the College's draft budget. While the grant increases are to be welcomed, the ongoing effects of COVID-19 on college business and finance will be significant. It is also yet to be seen how and if UK and Scottish Government policy will impact on the College's financial sustainability.

Recommendation:

It is recommended that the Committee discuss the implications of the SFC funding announcement.

Previous Committee Recommendation/Approval (if applicable):

None

Equality Impact Assessment:

Positive Impact

Negative Impact

No Impact

Evidence:



FINANCE & RESOURCES COMMITTEE Meeting of 20 May 2020	
Title: Summer Works Programme	
Author: Peter D Smith, Vice Principal – Finance & Resources	Contributor(s):
Type of Agenda Item: For Decision <input type="checkbox"/> For Discussion <input type="checkbox"/> For Information <input checked="" type="checkbox"/> Reserved Item of Business <input type="checkbox"/>	
Purpose: To enable the Committee to consider the estates works planned for summer 2020.	
Linked to Strategic Goal: 5. Optimise the use of our available resources to deliver financial and environmental sustainability.	
Linked to Annual Priority: 20. Within a wider estates strategy, devise an estates plan which re-furbishes and re-purposes under-utilised space at the Aberdeen City Campus.	
Executive Summary: Prior to the impact of COVID-19, the College was in the process of developing plans for summer works. These are summarised in Appendix 1. Note that, currently, most works are on hold, pending further clarity on the pandemic and college resourcing.	
Recommendation: It is recommended that the Committee note the information provided.	
Previous Committee Recommendation/Approval (if applicable): None	
Equality Impact Assessment: Positive Impact <input checked="" type="checkbox"/> Negative Impact <input type="checkbox"/> No Impact <input type="checkbox"/> Evidence: Planned works include improved accessibility of College premises and services.	

Estates Strategy Summer Works Plan 2020

1.0 INTRODUCTION

- 1.1 In June 2019, the Regional Board approved an Estates Strategy for the College, covering the period 2019 to 2029.
- 1.2 This report updates the Committee on plans to deliver the aims and objectives of the Strategy in 2020-21. It is, however, set against the background of restrictions placed on the College as a result of the COVID-19 pandemic and is therefore subject to change should the College need to re-prioritise resources.
- 1.3 The Report is for information.

2.0 BACKGROUND

- 2.1 In its Estates Strategy 2019-2029, the College defined the following Aims and Objectives: -

*“Aim one: **Sustainable Estates Developments***

*Aim two: **Efficient Resource Deployment***

*Aim three: **Maximising Value***

*Aim four: **Flexibility***

*Aim five: **Minimising Environmental Impact***

*In delivering **Sustainable Estates Developments**, the College will employ robust planning, monitoring and risk management techniques to ensure the sustainability of its estates. A programme of planned and preventative maintenance will ensure that the estate remains fully fit for purpose throughout its useful lifespan.*

*To ensure **Efficient Resource Deployment**, The College will ensure its resources are deployed economically, effectively and efficiently to meet the needs of curriculum and support services. Space utilisation surveys will be used to ensure existing estates are used as efficiently as possible. The College will also balance the needs of physical resources against the increasing use of technology in delivering the curriculum and business support services. Where surplus assets are identified, the College will seek to dispose of these, maximising value.*

*In **Maximising Value**, the College will seek to maximise value derived from its estates, through alternative uses and commercial income, and through the disposal of surplus assets.*

To ensure **Flexibility**, the College will seek to utilise innovative, flexible solutions to estates requirements, including partnership working and managing its assets in such a manner so as to allow changes to use wherever possible.

In **Minimising Environmental Impact**, the College will develop a new Carbon Management Plan 2020-2025, setting challenging targets which build on the achievements of the previous Carbon Management Plan 2015-2020. The College will assess the environmental impact of all major developments and will prioritise measures which have a positive impact.”

2.2 The key deliverables identified to support the Aims and Objectives are: -

“To Meet the Aim of SUSTAINABLE ESTATES DEVELOPMENTS, the College will: -

- Continue to address backlog maintenance for all campuses in line with the priorities set out in the Condition Survey and supported by SFC funding.
- Create short- and medium-term accommodation plans for Aberdeen City Campus, designed to deliver curriculum coherence and harmonisation, in line with longer term curriculum planning.
- Develop a programme of refurbishment and environmental improvements at Aberdeen Altens Campus.
- Fully bring the South Block at Aberdeen City Campus back into use, creating a hub for enterprise and business engagement.

To Meet the Aim of EFFICIENT RESOURCE DEPLOYMENT, the College will: -

- Prioritise SFC funding, together with commercial income and sales from surplus sites, to areas of greatest need and impact.
- Use Space Utilisation statistics to inform accommodation planning.

To Meet the Aim of MAXIMISING VALUE, the College will: -

- Market its surplus sites at Balgownie and the Gordon Centre on a phased basis, taking into account prevailing market conditions, to ensure the best return.
- Seek to derive a cash return from property held for resale, by letting to commercial tenants.
- Set annual stretch targets for commercial income from hire of College facilities.

To Meet the Aim of FLEXIBILITY, the College Will: -

- Annually review accommodation requirements, including alternative approaches to curriculum and service delivery.
- Ensure a Regional Presence, utilising learning centres and other facilities to meet the needs of stakeholders as appropriate.

To Meet the Aim of MINIMISING ENVIRONMENTAL IMPACT, the College will: -

- Develop and deliver a new Carbon Management Plan covering the period 2020 to 2025.

- *Deliver all estates projects in such a way so as to consider environmental impact."*

2.3 The works programme for 2020-21 and how it contributes to these aims and objectives is discussed further below.

3.0 2020-21 WORKS PROGRAMME

3.1 Sustainable Estates Developments

3.1.1 We continue to prioritise resources to backlog maintenance identified in the 2017 Condition Survey. Major work in this regard will be the replacement of the final lift in the Tower Block at Aberdeen be the City Campus, at a cost of £196k, inclusive of VAT.

3.1.2 We plan to install hearing loops at all campus receptions to aid accessibility, costing £36k, incl. VAT.

3.1.3 In response to feedback from the City Futures workstream, there are further significant works planned in the South Block and Basement at Aberdeen City Campus, creating new photography studios, improved and expanded hair and beauty salons, staff workrooms and commercial salon space. Planned spend, inclusive of VAT is £960k.

3.1.4 A further £96k is allocated to Aberdeen Altens Campus for improvement works, with the detail to be agreed with the staff and students onsite.

3.1.5 £72k, incl. VAT, has been set aside for installation of additional charging points for Bring-Your-Own-Device, recognising the expectation that we will continue to increase learning in this way.

3.1.6 The Building Management System at Fraserburgh is now out of support and no longer fit-for-purpose. £132k incl. VAT has been budgeted for.

3.1.7 We also wish to support the ambition of enterprise and, to that end, have set aside £72k to create an "Enterprise Hub" at City Campus, with the intention of improving business interaction with the College.

3.1.8 In addition to these works, over 100 additional small projects have been identified and will be prioritised as resources allow.

3.2 Efficient Resource Deployment

3.2.1 For 2020-21, SFC has allocated the College £3,446k of Estates Capital funding, with £2,433k to be targeted to "very high priority" maintenance. At this time, the College has proposed to SFC that it does not utilise the planned £550k from the Cash Budget for Priorities, pending the outcome of further clarity on sector resources.

3.2.2 No sales of surplus sites have yet been achieved, although a preferred bidder for the Balgownie site has been agreed and we are progressing negotiations.

3.3 Maximising Value

3.3.1 COVID-19 has had a significant effect on our ability to generate additional income from our estates and we will require to revisit target-setting going forward.

3.4 Flexibility

3.4.1 The developments noted in paragraphs 3.1.3 has been agreed in response to changes in the way the curriculum is delivered. At Aberdeen City Campus, this "Phase 2" continues our approach of improving the space we have available, and meeting the needs of identified curriculum areas and agreed at Leadership Team.

3.4.2 The College maintains its presence and delivery on all seven of its sites across the region.

3.5 Minimising Environmental Impact

3.5.1 The planned works with Aberdeen Heat and Power to connect to the District Heat Network are on hold as a result of COVID-19; however, at the time of writing, we are working with the contractors to allow work to resume as soon as possible.

4.0 SUMMARY AND CONCLUSION

4.1 The College has well-developed plans to utilise available resources to meet the aims and objectives of its Estates Strategy; however, these face a level of disruption as a result of the COVID-19 pandemic. At this time, the majority of plans are delayed until there is more clarity on the national position with regard to both construction works and college resourcing.

PETER D SMITH
Vice Principal – Finance and Resources

13 May 2020