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Borders College

Finance & General Purposes Committee

Meeting at 17:30 Thursday 18 November 2021

MS Teams

Actions

Item	Action	Responsibility and Date	Action Status
59/21	Annual Accounts - personal details to be removed from student success stories and raised with the Marketing Department for future case studies.	VP Finance & Corporate Services	Completed
	Recommendation of accounts by F&GP to Audit Committee to be confirmed in writing.	VP Finance & Corporate Services	Completed
62/21	Report on projects funded by Melrose Road proceeds to be provided for next meeting.	VP Finance & Corporate Services - 24 Feb 2022	Included within Asset Management Strategy Update
64/21	New risk theme related to governance processes to be incorporated.	VP Finance & Corporate Services & Board Secretary	Completed

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Minutes

ITEM	MINUTE
Present	Elaine Acaster (Chair) Angela Cox Jess McBeath Lynne Mirley Liz Parkes David Peace
In Attendance	Nicola McKenzie, Azets – up to item 58/21 Debbie Kerr (Head of HR & Development) - for item 65/21 Hazel Robertson (Vice Principal – Finance & Corporate Services) Ingrid Earp (Regional Board Secretary) Lorraine Sulo (Minutes)
51/21	<u>Chair's Welcome</u> The Chair welcomed Nicola MacKenzie of Azets to the meeting. Paper J would be discussed earlier in proceedings as indicated on the agenda.
52/21	<u>Declaration of Conflict of Interest</u> No declarations were raised.
53/21	<u>Register of Members Interest</u> No items were raised.
54/21	<u>Apologies for Absence</u> Apologies had been received from S Prentice and J Grant.
55/21	<u>Minutes of Meetings held on 7 October 2021 – Paper A</u> The previous minute was approved as an accurate record.
56/21	<u>Matters Arising</u> No items were raised.

65/21	<p><u>HR Annual Report – Paper J</u></p> <p>The Head of HR and Development provided further details on voluntary staff turnover and staff sickness with benchmarking from the sector. Key points included:</p> <ul style="list-style-type: none"> • Voluntary staff turnover 2020/21 – 7.1% which was an increase from 6% on previous year. A breakdown of the reasons for leaving were provided; • Long term absences – 1.8% with sector benchmarking ranging from 0.1%-2.2%; • Number of days lost due to long term absence – 942 (15 staff). A breakdown of absence reasons was provided. All staff were receiving support through Occupational Health; • Employee Engagement remains strong with the College committed to engaging with Great Places to Work for pulse surveys throughout the year. The College has been awarded as a GPTW Certified Employer and GPTW for Women; • Informal meetings with trade union representatives and non-union staff representatives for support staff continue to be held. Meetings are extremely valuable which enable any issues to be addressed quickly; • Staff newsletter continues to be published monthly. Two “Star of the Month” ceremonies had been held with good feedback received; • Pay & Terms & Conditions – pay policy is determined at a national level and it is hoped that current negotiations will be resolved over the next few weeks; • Staff Wellbeing – current activities include the holding of the children’s Christmas trail; and • College has been shortlisted for the Living Wage Scotland Resilience category award on 19 November 2021 and the Smarter Working Live through the results of the GPTW survey on 25 November 2021. Both events will be attended virtually. <p>The impact of long term absence on departments was discussed. Generally, supply lecturers had been brought in to cover areas with staff doing their utmost to support and provide cover for absent colleagues. Some absence did take place during the furlough period.</p> <p>Members highlighted the usefulness of the benchmarking data which should be retained for future reports and congratulated the College on being shortlisted for the forthcoming events.</p> <p>Members thanked the Head of HR & Development who then left the meeting.</p>
57/21	<p><u>Annual Report of F&GP Committee to Regional Board – Paper – Paper B</u></p> <p>Following discussions at the previous meeting on 7 October 2021, the annual report had been updated to incorporate the Schedule of Business.</p> <p>Members agreed to a new risk theme being added in relation to adequacy of governance arrangements (also discussed under Paper J, Strategic Risk Register).</p> <p>Members approved the report for submission to the Regional Board.</p>

External Audit Report 2020-21 – Paper C

N MacKenzie advised that unqualified opinions were intended, however, the report was still in draft format with audit opinion subject to change up until the date of signing. There were no matters which required to be reported by exception. Six areas of risk were identified within the original audit plan the detail of which were included within the report. The following points were highlighted:

- Key areas of estimates included pension assumptions, estates valuations and provision of Sinking Fund with all assumptions appearing reasonable;
- Materiality adjustment – two reserve balances with a nil net impact. Adjustment had been made during the audit;
- Three unadjusted differences which were summarised in Appendix 2;
- No control weaknesses were identified;
- Action Plan – Recommendation of review of accruals in 2021/22;
- There was satisfaction with the progress outlined with the outstanding actions; and
- Wider scope conclusions – The Governance Statement had been prepared in accordance with SFC direction with no weaknesses or governance issues identified. Financial sustainability continues to face significant challenges which was reflected with a yellow grading and similar to across the public sector. The College had appropriate proactive measures in place.

In response to questions from Members, the following points were made:

- Going concern – there were no issues to be raised. Support from SFC continued, however, there were large savings required over the coming years in contrast to previous years, but the College continued to monitor closely;
- Impairment review – the rating of significant deficiency was due to the potential impact on the financial statements. The VP Finance and Corporate Services advised a significant part of this related to the need for us to document our approach. There had been significant discussions by the Finance Directors' Network with no uniform approach across the sector. A full evaluation every year was costly and did not add value to delivery, however, agreement on calculations required to be reached. Any large adjustments would require SFC to have oversight. Additional audit work had been completed which did not identify any issues with the current valuation of the College's land and buildings; and
- Responses to audit queries – there had been some delays initially with both finance managers being new to the College and used to private sector audits, however, the audit experience and the position which had been reached was much improved on last year. It was also noted that remote audits were challenging but staff had completed this very well.

Appreciation of work was conveyed to the external auditors, Azets, the VP Finance & Corporate Services and the Finance Team.

Members approved the External Audit Report.

N MacKenzie left the meeting.

<p>59/21</p>	<p><u>Annual Accounts 2020-21 – Paper D</u></p> <p>The VP Finance & Corporate Services provided an overview of the report following feedback from members on the first draft of the performance and accountability report and the main financial statements on 7 October 2021. The performance report had been streamlined and aligned with the College’s Strategic Ambition. There had been no material change to the overall result.</p> <p>Key parts had been highlighted in the Executive Summary. The external audit had been completed as discussed under the previous agenda item. The outstanding recommendations would be for the responsibility of the Audit Committee to discuss further.</p> <p>Members discussed the inclusion of student successes on page 16 when it was agreed that personal details such as age and residence would be removed as this information was not pertinent to the story. This would also be raised with the Marketing Department for future case studies.</p> <p style="text-align: right;">ACTION: VP F&CS</p> <p>Members also highlighted the rise in student success which was a great achievement and the presentation of the accounts content which had been accomplished very well.</p> <p>Members confirmed their recommendation of the accounts to the Audit Committee, subject to the above necessary changes to the student success stories.</p> <p style="text-align: right;">ACTION: VP F&CS</p>
<p>60/21</p>	<p><u>Public Sector Climate Change Duties Report – Paper E</u></p> <p>The VP Finance & Corporate Services provided an overview of the report. The EAUC Peer Review had been held yesterday and it was not anticipated that there would be any further changes within the main emissions and projects although some text changes may be required following the review.</p> <p>Over the reporting period the College’s carbon foot print had reduced from 806 tCO₂e in 2014/15 to 353.7 tCO₂e in 2020/21, which was a 56.1% reduction on the baseline year. This exceeded the sustainability strategy target of 50% reduction, however, there was caution that this reduction was largely COVID related due to a number of College premises being closed. The figure could rise to just over 400 tCO₂e. The replacement of the car fleet to an electric alternative was under discussion, however, electric minibus technology was not as well developed which could mean that minibus replacement may have to begin before alternatives were available. The SHARC heating system continued to work well and had overtaken gas usage for the year.</p> <p>In response to questions from Members, it was noted that the peer review process did not provide a formal benchmarking report but a cross review could be a worthwhile exercise for the College. Scope 3, indirect emissions could be challenging, but the College had access to sustainability expertise through APUC for the purchasing of goods and services and the new appointment of a sustainability expert through EAUC would also greatly assist progress.</p> <p>Members approved the report and expressed their thanks to R Hewitt and team for their work.</p>

61/21	<p><u>Business Review – Paper – Paper F</u></p> <p>The VP Finance & Corporate Services provided an overview of the report which provided the scorecard analysis of the current financial position. It was noted that this was a very early stage to be reporting on as the current work was heavily focussed on the year end process. The following points were highlighted:</p> <ul style="list-style-type: none"> • It was hoped that there would be clarity during December on planning assumptions for next year following the Scottish Government budget which would be published on 9 December 2021. There were potentially some significant challenges should the FFR2 scenario which could have significant impact on the College’s reputation and work with partners, however, the Principal indicated that she was optimistic following a recent SFC meeting; • Period 2 management accounts was not a fully representative view, partly due to grant in aid requiring further analysis; • Members were pleased to see that there had been an improvement with Creditor payments since the last report with more payments being made within 30 days. Small businesses were continuing to receive priority; and • Appendix 2 provided a new method of margin reporting for the curriculum which provided detail on which activity area provided the greatest financial contribution. The next stage of this work would be for course level analysis. The incorporation of student success rates would add value. Margin of staff costs for the proportion of campus which was used could be built in. <p>Members noted the contents of the report.</p>
62/21	<p><u>Asset Management Strategy Update – Paper G</u></p> <p>The VP Finance & Corporate Services advised that the long-term estate reporting had not moved forward but was expected by the end of the academic year.</p> <p>Phase one of the Digital Transformation Programme (DTP) had completed with all five workstreams delivered. The server migration to DataVita had been completed successfully which provided significant advantages for disaster recovery and back-up. A new phase of discovery had been discussed with Agenor with the inclusion of an Artificial Intelligence workstream to support the student journey and improve retention. DTP phase 2 scope had been finalised and would include a development programme for the IT service team members. As a result of the adoption of MS Teams it would also be timely to review use and data storage approach which could mean the closing down of the staff intranet.</p> <p>Learning for Leading member, J McBeath, advised that she had met with the Heads of MIS and ISLT and was supportive of Phase 2.</p> <p>Members requested a report for the next Committee meeting on the projects which would be funded by the proceeds of Melrose Road.</p> <p style="text-align: right;">ACTION: VP F&CS</p>

63/21	<p><u>Department of Enterprise & Business Innovation (DEBI) Update – Paper H</u></p> <p>The report provided an update on progress by the Department of Enterprise & Business Innovation in relation to budget performance and planned activity.</p> <p>The Principal advised that Foundation Apprenticeships had been under delivered although there had been a considerable growth base last year. There had been a deliberate over bid on targets in the hope that these could be used in other areas. However, delivery of such a broad number of apprenticeships for a small number of students was a very challenging situation and may not be viable going forward.</p> <p>MA contracts continued to perform well with a further request for additional places already made this year. The College were pleased to receive confirmation of £380k from the Community Renewal Fund.</p> <p>It was also noted that the new payment model for assessors would be completed in January 2022, which should have a positive impact on future tenders.</p> <p>Members noted the positive report.</p>
64/21	<p><u>Strategic Risk Register – Paper I</u></p> <p>The report provided the second round of reporting on the new register with performance indicating information included where possible.</p> <p>The following points were highlighted:</p> <ul style="list-style-type: none"> • One amber risk for Financial Plan and in year targets – 16. This was an unknown situation as previously discussed earlier in the meeting with clarity expected following the publication of the Scottish Government budget on 9 December 2021; and • Following the first round of committee and Board meetings there were a number of reports which were unable to be allocated to a risk theme and related to governance processes. The VP Finance & Corporate Services would discuss the incorporation of a new theme with the Board Secretary. <p style="text-align: right;">ACTION: VP F&CS</p> <p>Members noted the contents of the report.</p>
66/21	<p><u>Equality, Diversity & Inclusion (Standing item)</u></p> <p>No items were raised.</p>
67/21	<p><u>Papers for Publication (Standing item)</u></p> <p>The Annual Accounts, External Audit Report and any draft papers would not be published.</p>
68/21	<p><u>Any Other Business</u></p> <p>No items were raised.</p>

69/21	<u>Date of Next Meeting</u> The next F&GP Committee meeting will take place at 17:30 on Thursday 24 February 2022.
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Signed.....

Chair

Signed.....

Board Secretary