



21 November 2023

FINANCE, RESOURCE & INFRASTRUCTURE COMMITTEE

Falkirk Campus, Steeple Suite @ 4pm

AGENDA

1. Declarations of interest

FOR APPROVAL

2. Minutes of meeting of 19 September 2023

(Elements of paper 2 are withheld from publication on the Forth Valley College website under Section 33 Commercial Interests and the Economy of the Freedom of Information (Scotland) Act 2002.)

3. Matters Arising

3.1 F/23/004 Review of Committee Remit

3.2 F/23/003 People Strategy Dashboard

3.3 F/23/012 Estates Update

4. Annual Report and Financial Statements 2022/23
(Joint item with Audit Committee)

Senga McKerr

(Paper 4 is withheld from publication on the Forth Valley College website under Section 27 Information Intended for Future Publication of the Freedom of Information (Scotland) Act 2002.)

5. Draft External Audit Annual Report to the Board of Management
(Joint item with Audit Committee)

Mazars

(Paper 5 is withheld from publication on the Forth Valley College website under Section 2 Information Intended for Future Publication of the Freedom of Information (Scotland) Act 2002.)

6. Annual Procurement Report

Ester Vasallo

(Paper 6 is withheld from publication on the Forth Valley College website under Section 25 Information Otherwise Accessible of the Freedom of Information (Scotland) Act 2002

https://www.forthvalley.ac.uk/media/10015/cm1350-procurement-document_final.pdf

FOR DISCUSSION

7. Management Assessment of Going Concern

Senga McKerr

8. Performance Review: Development and Fundraising

Pauline Jackson

(Paper 8 is withheld from publication on the Forth Valley College website under Section 33 Commercial Interests and the Economy of the Freedom of Information (Scotland) Act 2002.)



21 November 2023

FINANCE, RESOURCE & INFRASTRUCTURE COMMITTEE

9. Q1 High Level Forecast 2023-24

Moira France

(Paper 9 is withheld from publication on the Forth Valley College website under Section 33 Commercial Interests and the Economy of the Freedom of Information (Scotland) Act 2002.)

10. Student Funding Outturn 2022/23 and Forecast 2023/24

Senga McKerr

(Paper 10 is withheld from publication on the Forth Valley College website under Section 33 Commercial Interests and the Economy of the Freedom of Information (Scotland) Act 2002.)

11. Estates Update

Martin Loy

(Paper 11 is withheld from publication on the Forth Valley College website under Section 33 Commercial Interests and the Economy of the Freedom of Information (Scotland) Act 2002.)

12. Review of Risk

13. Any other competent business

FOR INFORMATION

14. Quarterly Management Accounts August – October 2023

(Paper 14 is withheld from publication on the Forth Valley College website under Section 33 Commercial Interests and the Economy of the Freedom of Information (Scotland) Act 2002.)



2. Minute of Meeting of 19 September 2023 For Approval

21 November 2023

FINANCE, RESOURCE & INFRASTRUCTURE COMMITTEE

S1.19, Stirling Campus (commencing at 4.30pm)

Present: Liam McCabe
Philip Harris
Steve Kemlo, FVSA President (FVSAP)

Apologies: Paul Devoy
Caroline Johnston
Ken Richardson, co-opted member

In Attendance: Kenny MacInnes, Principal, arrived at F/23/009
Alison Stewart, Vice Principal Finance and Corporate Affairs (VPFACA)
David Allison, Vice Principal Infrastructure and Communications (VPIC)
Senga McKerr, Director of Finance (DOF)
Ralph Burns, Head of Human Resources (HHR)
Moira France, Finance Manager (FM)
Stephen Jarvie, Corporate Governance and Planning Officer (CGPO)
Lisa Baxter, Student Association and University Partnership Manager (SAUP) for F/23/005
James Aston, Head of Business Transformation (HBT) for F/23/010
Karina Buchanan, Human Resource Business Manager (HRBM) for F/23/010 and F/23/011

The Chair welcomed members to the inaugural meeting of the committee.

F/23/001 Declarations of Interest

None

F/23/002 Minutes of Meeting

2.1 Finance Committee – 13 June 2023

a) Members approved the minute of the meeting

2.2 HR Committee – 20 April 2023

a) Members approved the minute of the meeting

F/23/003 Matters Arising

3.1 F/22/029 Q3 High Level Forecast Outturn 2022-23

[Redacted content]



2. Minute of Meeting of 19 September 2023 For Approval

21 November 2023

FINANCE, RESOURCE & INFRASTRUCTURE COMMITTEE

[REDACTED]

H/22/019 Health and Wellbeing update

The HHR informed members that the Health and Wellbeing lead had been liaising with internal teams and would soon expand this to include the FVSA.

F/23/004 Review of Committee Remit

The VPFACA presented the committee remit, with an update in section 5 to ensure significant projects are reported on to the Committee. She confirmed that significance did not solely relate to value but also reputational and other considerations.

She noted that the Skills Transition Centre bid would be coming to the next meeting of the Board and would be reported on to this committee.

The Chair noted that it would be useful if the Committee were aware of projects going forward and they could then identify those ones on which they would like more regular reports.

a) Members approved the remit

F/23/005 Student Association Outturn for 2022/23 & Budget for 2023/24

The FVSAP presented a paper outlining the associations outturn for last year and budget for this academic year.

He highlighted key activities such as freshers' fayres and student awards that had helped engagement with students.

He highlighted the work done to increase student involvement in elections, noting that there was a 1300% increase in number of votes cast and that a former staff member of FVSA who had led on this has been nominated for a SPARQS award.

He discussed other avenues of student engagement such as "Feedback Friday".

[REDACTED]

Members queried what "Feedback Friday" was. The FVSAP noted that this was a weekly short survey sent to students on a range of topics, designed to get feedback on current issues or future plans for FVSA.



2. Minute of Meeting of 19 September 2023 For Approval

21 November 2023

FINANCE, RESOURCE & INFRASTRUCTURE COMMITTEE

Members also noted that, in the long term, the funding from Forth Valley College Foundation was a finite resource and queried what would happen when this was no longer available to fund FVSA.

The VPFACA agreed that the funding was limited and that there needed to be an examination of alternative funding channels. She requested that the SAUP conduct a review of how other student associations fund their staff complement.

a) Members approved the paper and the contribution from the College

F/23/006

Procurement Awards

The DOF presented members with two procurement awards, noting that these both had a value of over £250,000

6.1 Print Solution Contract

The DOF reported that this was a three year contract for devices and licences. She informed members that, ideally, a full tender exercise would have been conducted. However owing to timing and to ensure continuity of service, the College had used the direct buy option from the relevant APUC framework.

She drew attention to the risk of this approach, namely, that it may be challenged by other suppliers.

The VPIT informed members that a review of a number of potential printing options from not having an in house print unit through to pre-pandemic type provision had been examined and that, after an assessment exercise, this was considered to be, the best solution available at this time.

Members expressed some concerns regarding the level of detail in the paper, noting additional information on how this was a value for money approach would have been welcomed.

The VPIC commented that print volumes had been examined and that he was happy to bring this information to the next Committee meeting.

The VPFACA agreed with members comments and noted that the proposed solution would deliver quarterly savings against the current contract owing to a reduced number of devices being specified, including in the College print unit.

a) Members approved the Print Solution Contract

6.2 UNIT-e Contract



2. Minute of Meeting of 19 September 2023 For Approval

21 November 2023

FINANCE, RESOURCE & INFRASTRUCTURE COMMITTEE

The DOF presented the paper in relation to the College Unit-e system which is a key MIS system for the College. She noted that engagement with the supplier had started in April 2023 but that they were slow in preparing the necessary paperwork.

She noted that, owing to the importance of the system to College operations, this was another direct call of contract and that the second placed supplier on the framework had been used as to move to the supplier currently ranked first would have incurred significant on boarding costs.

She confirmed that the contract had been signed and the College were looking for retrospective approval for this.

The Chair queried, given the contract had been signed, who had signed the contract and under which authority. The DOF confirmed the Principal had signed the contract.

The VPFA noted that this should have been issued electronically to members for approval prior to signing.

Members also noted that the supplier being slow with paperwork should not alter College processes.

a) Members agreed to retrospective approval in this case and asked that the issues identified be looked into.

F/23/007

Management Accounts 2022/23 Forecast Outturn

The FM presented the draft forecast outturn to members. She noted that there were still a number of minor yearend adjustments to be made but that these were not material.

She highlighted that the current outturn is a surplus and discussed the variances as outlined in the paper.

Members queried the tangible fixed assets values and it was confirmed this was due to depreciation.

The DOF also highlighted that the college was currently in a positive pension scheme position.

The DOF also confirmed that the latest pay offer had been rejected by the unions and the figures used in the paper were the best information at this time and would be updated if the situation develops.

Members noted the level of capital expenditure still to happen in the current year and asked if this funding would be used and the programme would be caught up.



2. Minute of Meeting of 19 September 2023 For Approval

21 November 2023

FINANCE, RESOURCE & INFRASTRUCTURE COMMITTEE

The VPIC confirmed that the majority of outstanding spend was in his area and that this would happen in time.

a) Members noted the content of the report

F/23/008

Hybrid Working Policy & Procedure

The HHR presented members with the College's Hybrid working policy. He outlined the development of this following the hybrid working trial conducted by the College. He confirmed that feedback from staff had formed part of this review.

He highlighted that, while aiming to be flexible for staff, business need was still the driving decision making point and all requests for hybrid working would be considered against this criteria.

He noted that instead of a normal three year review period for the policy, given the import of this policy, a one year review period would be used.

Members acknowledged the one year period but noted that this would have to start soon.

The HHR confirmed that data would be collected through the period via feedback from managers and staff as well as the College trades unions.

He also clarified that this was an option for staff and that those who wanted to work from campuses would be able to do so.

Members queried what the process would be if a staff member was unhappy with their line managers' decision on hybrid arrangements.

The HHR confirmed that if a challenge was made by staff, or via the unions, the rationale for the proposed hybrid schedule would be examined by the SMT member who would make the final decision.

a) Members approved the policy

F/23/009

People Strategy Dashboard

The HHR presented the people strategy dashboard and outlined the current progress against the key strategy highlights.

He discussed the impact of restructuring which had delayed some of the targets owing to the focus needed.

He discussed staff CPD opportunities, highlighting linked in learning as a tool available to staff.



2. Minute of Meeting of 19 September 2023 For Approval

21 November 2023

FINANCE, RESOURCE & INFRASTRUCTURE COMMITTEE

He also discussed the College being awarded the silver award from the defence employers scheme.

- a) Members welcomed the content of the report and noted a cover sheet of key highlights would be useful for future meetings

F/23/010 HR/Payroll System Implementation update (Presentation)

The HBT provided members with a presentation on the new HR/Payroll system. He highlighted the functionality the system will provide to College staff who currently use different systems for a range of tasks.

He also demonstrated how the new system can assist line managers with staff management as well as providing relevant, up to date information and analysis at Departmental and College management levels.

The HRBM discussed the use of the recruitment module which should significantly modernise and speed up recruitment.

The HBT outlined planned future developments to bring additional modules of the system on line to cover areas such as developing competency frameworks and succession planning models. He also confirmed the project team would remain in place until next April to be able to address any teething issues that may arise.

The HBT described the significant amount of testing that had been conducted and thanked the finance and HR staff who had been material to this.

Members welcomed the overview of the system and commented on the benefits highlighted in the presentation. They also agreed that keeping the project team in place was a prudent idea.

- a) Members noted the content of the report

F/23/011 Health & Wellbeing Dashboard

The HRBM presented the dashboard outlining progress against the health and wellbeing targets. She reported a good year, with all targets achieved.

She outlined the questionnaire which had been conducted to get a baseline and the outcomes from this, including bringing in a work task analysis consultant to look at reports of high workloads.

She reported that the report from the consultant has been received and will be published so that all staff can see the outputs.



2. Minute of Meeting of 19 September 2023 For Approval

21 November 2023

FINANCE, RESOURCE & INFRASTRUCTURE COMMITTEE

She discussed support and workshops provided for managers to help them gain the skills to have wellbeing conversations with their staff.

She noted that a lot of engagement to date had been from female staff members so there was going to be a shift in focus to deliver more activity focussed on men's health to hopefully increase engagement.

She commented on the strong interest across the College for mental health first aid training.

She informed members that the College was also seeking to increase the organisation's Carer Positive level.

She discussed return on investment and how this was being measured, citing positive engagement with the courses on offer and that there would be a follow up questionnaire to compare against the baseline data the College has to see if there is an improvement.

Members queried the content of the consultant's report and the HRBM outlined a few key areas which had been identified for inclusion in an action plan.

Members queried whether an increase in budget for this activity would be helpful at this time.

The HRBP commented that the activity was funded by Forth Valley College Foundation and that the levels of funding would be kept under review.

a) Members noted the content of the report

F/23/012

Estates Update

The VPIC presented an update on College estates to members.

He highlighted the ongoing issue with backlog maintenance owing to the College not receiving appropriate funding levels from SFC. He outlined how maintenance was planned and that this would support a further approach to SFC to look at the estate as it has been 6 years since they last did a review.

He acknowledged that, while maintenance was being prioritised where necessary, the overall position was one that would increase over time. He informed members that further information would be brought to a future meeting.

The VPFACA commented that estates maintenance remains one of the highest risks on the College strategic risk register.

Members noted that ultimately the risk sits with the Board and more information on the scale of this would be welcomed.



2. Minute of Meeting of 19 September 2023 For Approval

21 November 2023

FINANCE, RESOURCE & INFRASTRUCTURE COMMITTEE

The Members were assured that the Principal and his senior team were cognisant of and alert to the most significant strategic challenge this presented. The VPFACA confirmed further information could be prepared and presented to the December 2023 meeting of the Board.

The VPIC then discussed the ongoing work to develop the tender for the total FM contract (TFM). He highlighted that this was a significant contract with a total of circa £1.5m per year. He confirmed a number of approaches were being looked at to see which offered the best value for money to the College.

Members welcomed this review to ensure best value.

The VPIC also discussed ongoing decarbonisation activity funded by bid funding and outlined what this funding would cover, including LED lighting in Alloa and Stirling and an increase of Solar PV on campuses.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

a) Members noted the content of the report

F/23/013

Health & Safety Dashboard

The VPIC presented the health and safety dashboard. He noted that the actions on the tracker had all been completed, with one so recently it was still graded amber until fully implemented.

He noted the health and safety training figures and confirmed that the College continued to push this training.

He noted that the College accident statistics had been compared against English colleges (as Scottish data was not available) and that we compared very favourably in terms of accident rates.

Members noted that the accident figures did seem very low and the VPIC confirmed this had been the case for a period of time.



2. Minute of Meeting of 19 September 2023 For Approval

21 November 2023

FINANCE, RESOURCE & INFRASTRUCTURE COMMITTEE

a) Members noted the content of the report

F/23/014 Review of Risk

Risks were identified in their covering papers

F/23/015 Any Other Competent Business

Members noted the paper on purchase orders attached for information and welcomed the introduction of the system.

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7. Management Assessment of Going Concern For Discussion

21 November 2023

FINANCE, RESOURCE & INFRASTRUCTURE COMMITTEE

1. Purpose

To discuss with members the Going Concern Assessment document required for the Annual Report and Financial Statements for the year to 31 July 2023.

2. Recommendation

Members consider the document prepared for the audit of the Annual Report and Financial Statements for the year ended 31 July 2023, and provide confirmation of their agreement with the conclusions therein.

3. Background

Audit Scotland published a guide for auditors in respect of Going Concern in the public sector (December 2020), stating that in determining the appropriateness of the going concern basis of accounting, the continued use of the assets to deliver services is more important than the continued existence of a particular public body, and as such the use of going concern basis of accounting will always be appropriate for public bodies, and as such does not require justification by future forecasts and cash flow projections.

As part of their wider-scope work, which includes financial sustainability, our auditors require a formal management assessment of going concern to be prepared. This includes forecast income & expenditure, and cash flows from August 2023 to July 2025.

The balanced scenarios submitted to SFC for the FFR have been adjusted by reversing the assumed staffing cuts required to balance as well as removing all FWDF contribution, and these I&E forecasts are used in the assessment of Financial Sustainability discussed below.

LMT discussed, and the Vice Principal Finance & Corporate Affairs signed off, the attached assessment of going concern at a meeting on 31st October. The numbers quoted therein were based on a draft Q1 forecast surplus which subsequently improved by c£300k, therefore the conclusions remain valid.

4. Key Considerations

It is important to distinguish between **Going Concern** and **Financial Sustainability**. This is referred to within the Annual Report and Financial Statements as the College continuing to operate on a "going concern" basis.

Financial Statements are required to categorically state whether, or not, they are prepared on a going concern basis. As a public body Forth Valley College is able to confirm the appropriateness of preparing its' financial statements on a **Going Concern** basis without further justification.

Separate to the concept of going concern is the **Financial Sustainability** of the College, which considers the ability to generate cash from day to day operational activities, and evidence that liabilities can be met as they fall due. Given the uncertainty in the current economic environment, high wage demands, tightening of government finances, and high inflation, the assessment of financial sustainability is more complex. Ultimately, the financial sustainability of the College, and



7. Management Assessment of Going Concern For Discussion

21 November 2023

FINANCE, RESOURCE & INFRASTRUCTURE COMMITTEE

indeed the sector, requires one or more of the following – reduction in delivery volumes, increases in funding levels and/or fundamental restructures. All of these require input from Scottish Government.

5. Resource Implications (Financial, People, Estates and Communications)

There are no specific resource implications arising from this paper

6. Equalities

An equalities assessment is not applicable given the nature of this report.

7. Communities and Partners

As this is a finance report it does not involve stakeholder groups.

8. Risk and Impact

The risk of FVC not being considered a going concern by the auditors is very low, as the forecast cash flows provided along with the Audit Scotland guidance is sufficient to satisfy their audit requirements.

	Likelihood	Impact
Very High (5)		
High (4)		
Medium (3)		
Low (2)		
Very Low (1)	x	x

Total Risk Score – 2

BoM Risk Categories & Risk Appetite (Select one area only)					
Cautious <15		Open 15> <20		Eager >20	
Governance	x	Strategy		People	
Legal		Financial		Project/Programme	
Property		Reputational			
		Technology			

Is the score above the Board Risk Appetite level? No

Risk Owner – Alison Stewart
Paper Author – Senga McKerr

Action Owner – Senga McKerr
SMT Owner – Alison Stewart



MANAGEMENT ASSESSMENT OF GOING CONCERN

AS AT YEAR ENDED 31 JULY 2023

Management has assessed the financial position of the College for the year ended 31 July 2023 and its future financial position to support the going concern basis of preparation in the financial statements, and ensure completeness and accuracy of related disclosures. The assessment period considered was up to 31 July 2025 based on the operating cycle of the College, which is more than 12 months from the date of signing these accounts. Management has also considered any known factors that may occur immediately after the end of the going concern assessment period and has not identified any significant matters to impact its conclusion.

Basis of Preparation Conclusion

Management has concluded that it is appropriate for the going concern basis of preparation to be used in the Financial Statements for the year ended 31 July 2023. This conclusion is based on the following factors:

- The concept of a going concern assumes that an entity's functions and services will continue in operational existence for the foreseeable future. As a public entity, the College cannot be dissolved without statutory prescription, as such they must prepare their financial statements on a going concern basis of accounting. In accordance with the FREM and HE/FE SORP, the College is therefore required to prepare its financial statements on a going concern basis unless informed by the relevant government body of the intention for dissolution without transfer of services or function to another entity. The College has received no such notification, in particular from the SFC. The accounts are prepared on the assumption that the College will continue in operational existence for the foreseeable future.
- Audit Scotland published a guide for auditors in respect of Going Concern in the public sector (December 2020), stating that in determining the appropriateness of the going concern basis of accounting, the continued use of the assets to deliver services is more important than the continued existence of a particular public body, and as such the use of going concern basis of accounting will always be appropriate for public bodies, and as such does not require justification by future forecasts and cash flow projections.

Financial Sustainability

The Financial Sustainability of the College considers the ability to generate cash from day to day operational activities, and has sufficient income and liquidity to evidence that liabilities can be met as they fall due. Given the uncertainty in the current economic environment, high wage demands, tightening of government finances, and high inflation, the assessment of financial sustainability is more complex. Ultimately, the financial sustainability of the College, and indeed the sector, requires one or more of the following – reduction in delivery volumes, increases in funding levels and/or fundamental restructures. All of these require input from Scottish Government.

- In respect of its current financial position:
 - At the balance sheet date the College had net current liabilities of £3.0 million, due to deferred government capital grants being disclosed as creditors in accordance with FRS102. They do not represent future cash outflows. Net liabilities also include pension provision and liabilities which will be met by future College income or grant in aid which cannot be drawn down in advance of need.
 - The College has liquid cash reserves of £5,300k as at 31 July 2023.

- In the year to July 2023 the College made an adjusted operating deficit of £410k after allowing for loan repayments and excluding FRS102 pension adjustments. However within this deficit is £443k for severance payments funded from cash reserves, thus the underlying position is a small surplus.
- The **draft Q1 forecast** for 2023-24 plus the forecast scenario for 2024-25 (prior to notional staff savings to square the I&E) as presented with the FFR submission, is an adjusted operating deficit over the 2 academic years of £845k, and assumed:
 - Flat grant in aid
 - £2,000 flat pay awards per FTE per annum
 - Large energy cost rises and general inflationary pressures
 - no corrective actions
- Based on these deficit projections, the College cash forecasts show cash reserves of £2.1m at July 2025, and therefore no additional financing will be required to meet its liabilities before the end of academic year 2024-25.
 - **However**, these forecasts take no account of actions that management will take to improve the financial situation of the College, which are likely to include staff reductions, removal of course offerings, and operational savings. Severance costs for staff reductions will be funded from College cash reserves.
 - Should there be a short term need for cash, drawdown of Grant in Aid can be brought forward or the Forth Valley College Foundation is permitted to provide short term loans to the College.
- It is abundantly clear from the FFR projections that the projected flat grant in aid cash from SFC requires fundamental change within the sector, and direction from Scottish Government on the way forward. Whilst the management team will continue to seek ways of increasing income streams and reducing costs, and once more definitive guidance and direction is provided by SFC, LMT will scenario plan for longer term solutions.
- Until SFC provides strategic direction and some funding certainty, any strategic plans created now are likely to quickly become obsolete. This includes scenarios and sensitivities, and as such sensitivity analysis has only been undertaken to the extent that, where a risk exists, the financial impact has been assessed and the potential for variations noted in LMT, Finance Committee and/or Board papers.

The following documents provide more detailed financial analysis and have been provided to the auditors:

Description	Period Covered
Budget for 2023-24 approved by Board of Management 22 June	1 August 2023 – 31 July 2024
Financial Forecast Return FVC paper – approved by Board of Management 22 June	1 August 2022 – 31 July 2026
FFR submission and commentary to SFC including cash flow forecasts	1 August 2022 – 31 July 2026

Assessment approved by:

Alison Stewart, Vice Principal Finance & Corporate Affairs

October 2023