

REGIONAL BOARD REPORT

Subject: Report from the Chair's Committee	Purpose: For Approval <input type="checkbox"/> For Discussion <input type="checkbox"/> For Information <input checked="" type="checkbox"/>
Prepared by: Tony Jakimciw	Date: 14 October 2019
Purpose: To provide the Regional Board with minutes of two recent meetings of the Chair's Committee	
Linked to Strategic Goal 3: Provide a high quality College experience.	
Executive Summary: Minutes of the Chair's Committee meeting on 7 August 2019 and draft minutes of the meeting on 5 September 2019 are attached for information.	
Recommendation: To note the content.	
Previous Committee Approvals: n/a	
For publication <input type="checkbox"/>	For publication with redactions <input type="checkbox"/> Not for publication <input checked="" type="checkbox"/>

Chair's Committee

Meeting at 3.30 pm on Wednesday 7th August 2019

Location: Board Room, Scottish Borders Campus

Confidential Minutes

ITEM	MINUTES
Present	Tony Jakimciw (Chair) Elaine Acaster (teleconference) Angela Cox (Principal) Jane Gaddie Jess McBeath Liz Parkes(from item 07/19)
In Attendance	Hazel Robertson (VP Finance and Corporate Services) James Ayling (Board Secretary) Louise Kerr (Minute Secretary)
01/19	<u>Chair's Opening Remarks</u> The Chair welcomed everyone to the meeting and informed E Acaster, attending by teleconference of those present around the table.
02/19	<u>Apologies for Absence</u> Apologies of absence were received from B McGrath.
03/19	<u>Approval of Minutes of Previous Meeting</u> The minutes of the meeting held on 30 August 2018 were agreed as a true and accurate record.
04/19	<u>Matters Arising</u> All previous actions which related to the Financial Forecast Return for 2018/19-2022/23 were complete.
05/19	<u>Declaration of any Conflicts of Interest</u> Angela Cox, Principal 'declared an interest with regard to the reference to the Borders Further Education Trust, in paper B as she is a trustee of the Trust.
06/19	<u>Register of Members Interests</u> Members were reminded to update their Register of Interests as required.
07/19	<u>Financial Forecast Return (FFR)</u>

	<p>The Chair noted that the VP Finance and Corporate Services was presenting the Financial Forecast Return for academic years 2019-20 to 2023-24 for approval.</p> <p>The VP Finance and Corporate Services advised that she was presenting a full paper to ensure that members understand how the FFR is constructed and to explain the additional requirements this year around scenario planning and financial planning.</p> <p>The net position remains unchanged with a budgeted surplus of £19k.</p> <p>She highlighted that the guidance from SFC sets out requirements identified by Audit Scotland that College Boards must now submit along with the FFR a medium term financial plan, which sets out the mitigating actions to ensure the College's financial sustainability. Because of this, reporting colleges are now expected to develop additional assumptions based on scenario planning.</p> <p>The income assumptions from SFC state that the additional pay and harmonisation costs are added to the main grant in 2019/20 and from 2022/23, will be included in formula funding which would result in a 4% loss of funding.</p> <p>It was noted that the return to formula funding was a risk to the college and that further discussions and dialogue with the Funding Council was required. This should also be included within the FFR narrative.</p> <p style="text-align: right;">ACTION: HR</p> <p>Concerns were also raised about whether or not a 2% increase in commercial income each year from 2019/20 was achievable. The Principal advised that she believed that this was achievable now. However should a no deal Brexit be introduced this may cause issues.</p> <p>The VP Finance and Corporate Services advised that alternative sources of income were contributing to the overall position. She undertook to provide more detail on the make of the current and projected income.</p> <p>The Committee considered the FFR, with summary as provided by the VP Finance and Corporate Services and agreed that the submitted FFR and commentary needs to reflect a more challenging position particularly in relation to the significant drop in SFC income when ESF funding is withdrawn. A more cautious position should be adopted with regards to income. They also felt it would be more beneficial to demonstrate small deficits rather than surpluses and reflect the impact of the loss of ESF funding.</p> <p style="text-align: right;">ACTION: HR</p> <p>The VP Finance and Corporate Services noted modelling with regards to scenario planning would continue prior to the submission of the FFR to the SFC.</p> <p>The College continues to use the majority of the capital plan funding on ICT with the sinking fund covering the maintenance work required. Newtown St Boswell's site remains the college's main concern around estates. Discussions with H&H are ongoing with regard to the college potentially locating to part of their development site at Newtown. However,</p>
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	<p>due to the planning horizon being longer-term, there is currently a need to undertake works on the current site to bring the campus up to an acceptable standard. The proposal is to use the backlog maintenance fund for the works at Newtown St Boswells. It was noted that investment at this level does not normally require Board or committee approval.</p> <p>A discussion took place around whether investment should be made on a site, which the college is potentially moving away from as well as also considering the potential risks of the Heriot Watt University agreement ending in 2027. As long term planning for Newtown is at least three years away and it is felt that the student experience at Newtown St Boswells would suffer improvements weren't made.</p> <p>The Committee agreed that further details should be submitted to the Finance & General Purposes Committee.</p> <p style="text-align: right;">ACTION:HR</p> <p>The VP Finance and Corporate Services advised that an offer of £75k for the sale of Thorniedean House and the Workshops has been received and noted that the advisors feel this is worthwhile considering. Although the offer seems, low consideration needs to be taken into account that the site has been vacant for ten years and the current condition of the buildings. The advisors also feel that selling one side of the site may make the Academy element more attractive. Discussions are taking place with SFC with regards to this sale.</p> <p>After discussion, the Committee advised that due to the increasing number of risks relating to these sites that they would support the sale of Thorniedean House and Workshops but that ultimately the decision rested with SFC who would receive any income.</p> <p>The Chair noted that the sale of heritable property required the approval of the Board and that such approval could be sought by the Board email approval procedure to ensure the matter could be dealt with swiftly and cause no delays.</p>
08/19	<p><u>Review of Terms of Reference</u></p> <p>The Board Secretary presented the current Terms of Reference for the Committee to review.</p> <p>The principal issue related to whether the Committee should be constituted by the Chairs of the Board's Committees and or other members of the Board or a hybrid arrangement.</p> <p>After consideration the Committee agreed that :</p> <ol style="list-style-type: none"> 1. The Chairs of the Committees should form part of this Committee. The Committee also noted that it was beneficial to extend the membership to other members of the Board to allow for members with experience in the matter under consideration to attend and also to assist with the constitution of a forum in the event of an urgent meeting being required.

	<p>2. The Chair of the Regional Board should be required to constitute a quorum.</p> <p>3. It should be noted that the Committee did not replace the role of the Board.</p> <p>The Secretary was requested to draft amendments reflecting the above for consideration at the next Committee Meeting.</p>
09/19	<p><u>Any Other Business/Date of next meeting</u></p> <p>There was no other business. The date of the next meeting would be agreed by email.</p>

Signed..... Signed

Chairman Secretary

Chair's Committee

Meeting at 3.30 pm on Wednesday 7th August 2019

Location: Board Room, Scottish Borders Campus

Actions

Item	Action	Responsibility and Date
07/19	Include reference to the return to formula funding being a big risk to the college and that further discussions and dialogue with the Funding Council was required in the FFR narrative.	HR
	Update the FFR and commentary to reflect a more challenging position and be more cautious with regards to income. Provide more detail on the make up of the projected income	HR
	Present further information on the Newtown St Boswells site to the F&GP Committee.	HR

Chair's Committee

Meeting at 3.00 pm on Thursday 5th September 2019

Location: Board Room, Scottish Borders Campus

Confidential Minutes

ITEM	MINUTES
Present	Tony Jakimciw (Chair) Elaine Acaster Angela Cox Jess McBeath (until 4.00 pm) Virginia Grant Liz Parkes
In Attendance	Hazel Robertson (VP Finance and Corporate Services) Heather Anderson (VP Curriculum and Student Services) James Ayling (Board Secretary) Sheila McColm (Minute Secretary)
11/19	<u>Chair's Opening Remarks</u> The Chair welcomed everyone to the meeting.
12/19	<u>Apologies for Absence</u> Apologies of absence were received from B McGrath and N Broderick.
13/19	<u>Approval of Minutes of Previous Meeting</u> The minutes of the meeting held on 7 August 2019 were agreed as a true and accurate record.
14/19	<u>Matters Arising</u> All actions were complete.
15/19	<u>Declaration of any Conflicts of Interest</u> Angela Cox, Principal declared an interest in relation to her position as Trustee of Borders Further Education Trust.
16/19	<u>Register of Members Interests</u> Members were reminded to update their Register of Interests as required. Elaine Acaster advised that she was now a member of the Nominations Committee of Queen Margaret University. Her Register would be updated accordingly. ACTION: SMc
17/19	<u>Financial Forecast Return (FFR)</u>

	<p>The VP Finance and Corporate Services presented the revised Financial Forecast Return for academic years 2019-20 to 2023-24 for approval.</p> <p>Following the discussion at the previous meeting, the FFR had been updated in the following two areas:</p> <ol style="list-style-type: none"> 1. To present a more prudent position in relation to non-SFC income assumptions. The growth rate year on year had been reduced from 2% to 1%. 2. To spread the savings challenge from the drop in SFC grant funding over three years. <p>The first change had incurred a slight deficit, which was acceptable. The second change would create a significant deficit over the final two years of the FFR.</p> <p>The intention of making the changes was to ensure a realistic basis for discussions with SFC around planning assumptions going forward.</p> <p>The Chair would invite Lorna McDonald, SFC to attend the next Finance & General Purposes Committee or Regional Board meeting to discuss the proposed 4% reduction in core funding to the College.</p> <p style="text-align: right;">ACTION: TJ</p> <p>The Committee considered the overall impact of the reduction in income, noting the significant downward trends from 2021-22 onwards. The overall savings required over the 5-year plan was £824k.</p> <p>The College could meet the savings over the next two years providing there were no further changes. A dedicated Transformation Project Management resource to drive forward significant plans for efficiencies from year 3 onwards would be factored in.</p> <p style="text-align: right;">ACTION: HR</p> <p>The Committee agreed with the plan showing a small deficit this year and a significant deficit in the last two years of the FFR which would require further discussion with the SFC.</p> <p>The FFR must be submitted to the SFC by 30 September while the commentary/financial plan would be submitted at a later date, following scrutiny by the Finance & General Purposes Committee and the Regional Board.</p> <p>There was discussion around the estates strategy and IT strategy. The offer for the Melrose Road site was still on the table. A sale would benefit the College through savings on the upkeep of the site and a reduction in risk profile.</p> <p>Revenue funded solutions would need to be considered for IT going forward as an alternative to using capital.</p> <p>The Committee agreed to progress with the draft FFR as proposed.</p>
18/19	<u>Review of Terms of Reference</u>

	<p>The Board Secretary presented the updated Terms of Reference, incorporating the following amendments agreed at the previous meeting:</p> <p>2.1 The Regional Board Chair must be present to constitute a quorum.</p> <p>1.3 Invites to meetings would be issued to the Vice Chair of the Regional Board and the Chair of each committee, but may be extended to other members of the Board.</p> <p>2.6 The Chair's Committee could oversee any urgent matter that may, in the opinion of the Chair of the Regional Board affect the operation of the College, excepting matters specifically reserved for Board decision and excluded from any delegation as per the Scheme of Delegation.</p> <p>A further clause (3) had also been added around frequency of meetings and reporting.</p> <p>The Committee agreed to recommend the revised Terms of Reference for approval to the Regional Board.</p>
19/19	<p><u>Scenario Planning</u></p> <p>The VP Finance and Corporate Services presented a set of scenarios, which had been established to consider potential environmental factors and impacts and plan future requirements for changes in the college operations to respond to these. The direct impact on staff levels was shown against each scenario as a means of understanding the scale of potential impact .</p> <p>The following areas were discussed:</p> <ul style="list-style-type: none"> • A standard set of scenarios as agreed by the Finance Development Network to aid SFC in understanding cost pressures for the sector and to inform national discussions re spending review and funding going forward • Additional scenarios had been introduced for Borders College specifically. • For cost pressures additional to the FFR assumptions, the greatest risk going forward was potential support staff salary increases, which could be a further 3% rather than 1% as modelled in the FFR. • Credit activity scenarios had been modelled and further work was to be done on possible changes to specific portfolio areas. Potential cuts in credit income of 1% in 2020 and 2% in 2021 could have a significant impact (£85k and £171k impact respectively). • There had been discussion around the 7% (£142k) of student support funding related to course costs being deducted and added to Grant in Aid, which would impact on the flexibility of resources and a potential increased spend on students. • The loss of income from apprentices and risks around HND credits would be quantified. <p style="text-align: right;">ACTION: HR</p> <ul style="list-style-type: none"> • Other curriculum scenarios were being modelled – change in school delivery, aggressive university provision, SRU and APP funding

	<ul style="list-style-type: none"> • The likelihood and proximity of the potential impacts would be plotted on a matrix, to support the planning process. • Some scenarios had potential solutions, and multiple scenarios could occur at a time. It was agreed to consider the impact in bands of £100k, £200k etc. and do this alongside services the College most wanted to protect e.g. IT, specific curriculum areas. • Actions already being considered include the alignment of the Business Development function with curriculum portfolios to create a more business oriented model. The efficiency of teaching delivery is already being measured and takes into account digital delivery. This will be further progressed looking at staff models as well as hours of delivery. • The impact on space requirements through more work based activity and digital delivery would be a factor for future estates strategy. • The cost pressure regarding IT had not yet been modelled as there are a few factors to take into account. • The Board would consider the various options/scenarios at its Strategic Planning Day on 28 November. A matrix of decision making would be produced in preparation for the meeting. <p style="text-align: right;">ACTION: HR</p>
20/19	<p><u>Any Other Business</u></p> <p>There was no other business for discussion.</p>
21/19	<p><u>Date of Next Meeting</u></p> <p>No further meeting of the Chair's Committee was required at this time.</p>

Signed..... Signed

Chairman

Secretary

Chair's Committee

Meeting at 3.00 pm on Thursday 5th September 2019

Location: Board Room, Scottish Borders Campus

Actions

Item	Action	Responsibility and Date
16/19	E Acaster's Register of Interest would be updated	S McColm
17/19	Invite Lorna McDonald, SFC to attend the next Finance & General Purposes Committee or Regional Board meeting to discuss the proposed 4% reduction in core funding to the College	T Jakimciw
	A dedicated Transformation Project Management resource to drive forward significant plans for efficiencies from year 3 onwards would be factored in	H Robertson
19/19	The loss of income from apprentices and risks around HND credits would be quantified	H Robertson
	The Board would consider the various options/scenarios at its Strategic Planning Day on 28 November. A matrix of decision making would be produced in preparation for the meeting	H Robertson