

THE GLASGOW SCHOOL OF ART

BOARD OF GOVERNORS

MEETING: 23 NOVEMBER 2021

Governors: Ms Kristen Bennie (interim Chair), Professor Graham Caie, Professor John French, Mr Thomas Greenough, Dr Marty Herbert (until Item 2122.24), Dr Simon Learoyd, Professor Penny Macbeth, Mr Michael McAuley, Ms Marianne McInnes, Ms Kathy Molloy, Mr Habib Motani, Mr Rory O'Neill (from Item 2122.23.1), Mr Harry Rich, Dr Graham Sharp, Mr Andrew Sutherland, Mr Tsz Wu.

Attendees: Mr Andrew Menzies, Mrs Eleanor Magennis.

Governance Office: Dr Craig Williamson, Ms Lisa Davidson.

2122.20 WELCOME AND APOLOGIES

The interim Chair of the Board welcomed members to the meeting and on behalf of the Board thanked Professor Sarah Smith for her valuable service over the past six years. Professor Smith would demit office as Staff Governor (Academic) on 30 November 2021.

Apologies for absence were received from: Ms Ann Faulds, Ms Josie Kay-Ogunsola, Dr Kate Lampitt Adey, Mr James Sanderson, Professor Sarah Smith, Ms Lesley Thomson, and Professor Anne Trefethen.

2122.21 DECLARATIONS OF INTEREST

The following professional relationships are noted for the record: CMS (Mr McAuley), Graven (Dr Herbert, Mr Sutherland), GSASA (Mr O'Neill), Page\Park (Mr Sutherland).

2122.22 MINUTES FROM BOARD COMMITTEE MEETINGS HELD ON 8 NOVEMBER 2021

The Board noted the following minutes:

- Minutes from the Joint Audit and Risk Committee and Business and Estates Committee meeting of 8 November 2021 [Paper 2.1]
- Minutes from the Business and Estates Committee meeting of 8 November 2021 [Paper 2.2]

2122.23 ANNUAL REPORT AND ACCOUNTS 2020/21

.1 Annual Report and Financial Statements to 31 July 2021 [Paper 3.1]

The Board considered the Annual Report and Financial Statements to 31 July 2021 set out in Paper 3.1. The Director of Finance presented a summary of each section of the Annual Report and Financial Statements, highlighting relevant key aspects for the Board's consideration, including the Board's *going concern* conclusion.

The Director of Finance also highlighted key points from the Independent Auditor's report to the Board of Governors section, in particular relating to their opinion of the Financial Statements and the appropriateness of the Board's use of the *going concern* basis of accounting in the preparation of the financial statements.

With regard to the Financial Statements, and in particular the *Group and School Statement of Comprehensive Income*, the Director of Finance reported that GSA had recorded a deficit of £7.76m for session 2020/21. As in recent years, this result reflected several items of an exceptional nature, including expenditure in relation to the 2018 Mackintosh Building fire and the financial impact of the pension valuation, without which the underlying surplus and the total comprehensive income would have been a deficit of £493k. The Director of Finance highlighted various matters which had negatively impacted upon GSA's income and expenditure during session 2020/21, in particular the COVID-19 pandemic, the reduction in research income, the cessation of GSA Singapore and an increase in staff costs.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] The Director of Finance also highlighted the various options available in terms of addressing the matter and reported that, at its meeting of 22 November 2021, the Business and Estates Committee had agreed to consider proposals in this regard by correspondence with a view to enabling a final proposal to be submitted to the Board at its meeting of 13 December 2021.

The Director of Finance highlighted that it was likely that the Audit Findings Letter and the Letter of Representation would require further adjustment to reflect the above amendments to the Annual Report and Financial Statements to 31 July 2021.

The Director of Finance reported that Azets' contractual appointment ended in February 2022 and GSA would commence preparations to tender for the appointment of an External Auditor in early 2022. Therefore, the Board would not be invited to re-appoint Azets in parallel with the approval of the Annual Report and Financial Statements. Members discussed the challenges faced by the sector in securing appropriate External Auditors and the Director of Finance shared insights in this regard, highlighting the likelihood that costs would increase.

The Board **approved** the Annual Accounts and Financial Statements for the year to 31 July 2021.

The Director of Finance confirmed that the External Auditors were awaiting bank confirmation letters which would address the few remaining audit clearance points and the relevant signatories would be approached thereafter.

On behalf of the Board, the interim Chair thanked the Director of Finance, his team, and GSA colleagues.

.2 Audit Findings Letter [Paper 3.2]

The Board noted the Audit Findings Letter set out in Paper 3.2 which had been prepared by GSA's External Auditors.

.3 Letter of Representation [Paper 3.3]

The Board noted the terms of the Letter of Representation set out in Paper 3.3 and, subject to the final adjustments required by the External Auditors as referenced in item 2122.23.1, invited the Director of GSA to sign the letter on behalf of GSA.

.4 Statement of Assurance over the Letter of Representation to the External Auditor [Paper 3.4]

The Board noted the terms of the Statement of Assurance over the Letter of Representation set out in Paper 3.4.

2122.24 MACKINTOSH BUILDING PHASE 2 INTERIM STABILISATION WORKS [Paper 4]

The Director of Estates provided an overview of the proposals set out in Paper 4 regarding a series of works to stabilise and protect the Mackintosh Building and outlined the three options for Phase 2 and their related timescales.

The Director of Estates confirmed that the preferred option was Option 3 and that this approach would reduce the overall programme by twelve months. The Director of Estates restated that expenditure on Option 3 would form part of the overall reinstatement of the Mackintosh Building project and as such would be funded by sources set out in section 4.1 of Paper 4. The Director of Finance provided an overview of these sources of funding, including those which GSA already held in readiness for expending on the project and other potential sources, such as recourse to additional loans and fundraising campaigns. [REDACTED]

The Board discussed the options and considered the financial resource being requested at this stage. The Convenor of the Steering Group (Mackintosh) was of the view that the costs provided for the consideration of the Strategic Outline Business Case were high and included 51% optimism bias which would, it was anticipated, be managed down considerably during the early stages of the project. The Convenor of the Steering Group (Mackintosh) confirmed that he was supportive of the preferred Option 3.

Following discussion, the Board **approved** the following items in relation to the Mackintosh Building Phase 2:

- a) The Outline Business Case for the Phase 2 works based on the RIBA Stage 2 report by the Gardiner and Theobald led technical team. This latter document was provided in full to the Business and Estates Committee for consideration at its meeting of 8 November 2021.
- b) The appointment of the existing team led by Gardiner and Theobald as Project Managers utilising the Crown Commercial Services framework to deliver RIBA Stages 3 and 4 for [REDACTED]
- c) The approval to progress the procurement and appointment of a Contractor under the Crown Commercial Services Framework to provide pre-construction services, to work with the appointed team to procure and install work packages during 2022 and to support the project team in achieving an overall contract figure for the balance of the Phase 2 works commencing January 2023. Financial approval of [REDACTED] was sought for these services, to be expended during 2022.

2122.25 FUTURE BOARD MEETINGS

Monday 13 December 2021, 11 am. This meeting will be held in person, with the option to attend via Zoom.

Ms Lisa Davidson
Assistant Secretary to the Board
1 December 2021