

Board of Management

MINUTES of the MEETING of the FINANCE AND GENERAL PURPOSES COMMITTEE held in the Boardroom, Main Campus on Friday 25th September 2015

PRESENT: Hector Douglas, Helen Miller, Diane Rawlinson, Donella Steel, Neil Stewart
CHAIR: Donella Steel
APOLOGIES: Willie Cameron
ATTENDING: Depute Principal
Director of Corporate Services
Director of Business Development
College Secretary

1. MINUTES

- a) Finance and General Purposes Committee held on 5 March 2015
- b) Finance and General Purposes Committee held on 4 June 2015

The Minutes of the Meetings held on 5 March and 4 June 2015 were **ACCEPTED** as a correct record, were **APPROVED** and signed.

2. SALE OF MIDMILLS AND LONGMAN BUILDINGS BUILDING

A report by the Director of Corporate Services provided an update on the progress of the sale of both the Longman and Midmills sites. The College's property agents, Lambert Smith Hampton had provided full details of all the bids and also an analysis of the offers and the associated risks for Midmills and had recommended that the College accept an offer.

With regards the Longman site, the Director of Corporate Services advised that the college had not had an update regarding the potential use for the site. As per a request from the Deputy First Minister the college had not put the site onto the market for sale. As the workshops in Burnett Road were not part of the main Longman site, the college could progress with their sale.

The Director of Corporate Services also advised that the net proceeds from the sale of both buildings would be returned to SFC. In terms of the holding costs, these were now being incurred for both Longman and Midmills. For Midmills, the formal sale of the site was expected to take around 6 months and so the holding costs would be netted off the sale proceeds. For Longman, it had been agreed that whilst discussions were on-going regarding the site, these costs would be met by the Scottish Government.

The Committee

- 1. **RECOMMENDED** to the Board of Management that the College accept the unconditional offer submitted by McCarthy and Stone to develop 45 retirement flats in the rear garden area of the site, with the front part of the

site, which included the listed buildings, to be used by Highland Council for affordable retirement flats for the over 55's.

2. Asked the Board of Management to **NOTE** that the unconditional offer was still subject to McCarthy & Stone Board approval and a site investigation, with a period of four months to satisfy these conditions.

3. **GALLIFORD TRY FACILITIES MANAGEMENT (GTFM) MONITORING REPORT**

A report by the Director of Corporate Services referred to the GTFM report on activity during the month of July for Balloch. The key points to note were as follows:-

- A total of £1,024.19 for June 2015 and £1,643.97 for July 2015 was deducted from the Unitary Charge invoices from GT Equitix.
- Utilities information had been provided but the college had requested an additional column to see usage for the month.
- The PPM report showed what was planned for the period and what had been completed.
- Details had been provided on what the deductions related to, both in terms of availability of areas and also performance.

The Committee **NOTED** the report and requested that in future it receive an executive summary of the issues each month with any urgent matters being highlighted as well as information on any deductions made to the monthly unitary charge.

The Committee **AGREED** that the report should also be submitted to the Audit Committee so that it could be assured that appropriate processes were in place and necessary actions taken in relation to risk management.

4. **FINANCE MONITORING REPORT 2014/15**

A report by the Director of Corporate Services provided the results of the finance monitoring exercise to July 2015 under the following headings.

- Income & Expenditure Report – month, year to date (YTD) and year end.
- Income & Expenditure Report – showing actual & forecast for the year.
- Cash Flow Analysis - month, year to date (YTD) and year end.
- Monthly & cumulative cash position, in graphical form.
- Cash flow forecast – showing actual & forecast for year.
- Debtors Report – showing business & student debt split, in graphical form.
- Creditors Report – showing creditor payment days in graphical form.
- Summary Income & Expenditure and cash flow information for comparison purposes, which show budget, forecast and variance.
- Wsum's trend information.

Reference was made to the disappointing feedback which had been made as part of the Board evaluation process in June on value for money. It was agreed that this matter should be explored further at the Strategic planning/ board evaluation day in November so as to ensure that all members were fully aware of how the college considered value for money in its widest context.

The Committee **NOTED** the report.

5. UPDATE ON ACCOUNTS & EXTERNAL AUDIT PROCESS 2014/15

The Director of Corporate Services explained that the preparation of the annual accounts for the year ended 31 July 2015 had commenced. Although the accounting year end of UHI incorporated colleges had remained at 31 July, other changes had impacted on the accounts process. Colleges would be required to comply with the requirements of the Consolidated Budgeting Guidance (CBG), Government Financial Reporting Manual (FReM), the Scottish Public Finance Manual (SPFM) as well as the Statement of Recommended practice (SORP).

The External Auditors, Scott Moncrieff were due on site to carry out their main field work, week commencing 28 September 2015. In addition, the Internal Auditors, Henderson Loggie were due on site to carry out their work on the Bursary and other student support funds, week commencing 5 October 2015. During this time they would also audit the College's WSum's return, which was the annual FE activity report due to SFC by the end of October 2015.

The Committee **NOTED** the timescales for the external and internal audit work and for the submission of the annual accounts.

6. CAPITAL EXPENDITURE PLAN REPORT 2015/16

A report by the Director of Corporate Services provided an update on the Capital Expenditure Plan for 2015/16, as at July 2015, which also included the New Campus project. The key points to note from the report were:

1. The Capital Expenditure plan for 2015/16, as at July 2015, was on target.
2. The New Campus project actual expenditure to July 2015 was £9,603,757 compared to the budget of £9,633,745, an underspend of £29,988. This was due to the budget for site investigations not being fully utilised during the project.

The Committee **NOTED** the report.

7. BUSINESS DEVELOPMENT UPDATE

The Committee considered a joint report which provided information for the Business Development Directorate together with financial information and future developments. The key areas to note were that:-

- The Business Development Team achieved an operating surplus of £39K against a deficit of £60K in 2013/14 (+£99K) due to the successful development and delivery of commercially funded short courses.
- CREATE won a £106K UK Commission for Employment and Skills (UKCES) Bid for 2015/16.
- Training Contracts, which achieved its full year Modern Apprenticeship (MA) contract value in 2014/15 were on course to achieve the increased contract value of £405K in 2015/16. MA success rates across the contract were high at 85% (Nat. Av. 70%)
- The International business development function was now staffed internally. It had developed a "Scottish Experience" programme which was being piloted with students from 4 Colleges in the USA.
- The interim marketing manager had focused on activities relating to the new campus and on brand development. The development of a marketing plan to support the marketing strategy was high priority to

ensure that budgeted expenditure was targeted to support College targets.

- The new Director for Business Development was currently carrying out a review of all business related activity across the College and would work with Curriculum Managers to produce sector based strategies, focused on increasing customer and employer engagement regionally, nationally and internationally and the profitability thereof.

The Committee **NOTED** the report.

8. SFC FINANCIAL FORECAST RETURN (FFR) 2015

A report by the Director of Corporate Services explained that every year the SFC requested information on the college's forward financial forecasts for the coming year, along with summary forecasts for the subsequent years. These returns were based on the budget that was agreed at Finance & General Purposes Committee and the Board of Management in June.

For 2015, the return had been revised again and now included a forecast for 2014/15, as well as forecasts for 2015/16 and 2016/17, along with the FFR commentary which was also provided to SFC.

The Committee **RECOMMENDED** that the Board of Management **ENDORSE** the 2015 return and the FFR commentary which had been submitted to SFC in June.

9. STUDENT RESIDENCES

A report by the Director of Corporate Services provided an update on the key points of the UHI Residences Project. An agreement between UHI and the preferred developer, CityHeart Limited had been signed and initial work had started on the site.

The Committee **NOTED** the position.

10. BANKING ANNUAL REPORT 2014/15

A report by the Director of Corporate Services provided an update on banking issues over the past year.

In the draft financial statements that were currently being prepared, the interest received for the year to 31 July 2015 was approximately £6,000, compared to £23,000 received in the year to 31 July 2014.

Incorporated colleges had been given permission to continue with their own banking arrangements until 2016/17, when there was the possibility that the College would have to use the government banking framework. This currently sat with the Royal Bank of Scotland and so the college should not see a significant change under this new arrangement.

The Committee **NOTED** the report.

11. IMPLICATIONS OF PROPOSED ACADEMIC PARTNERSHIP AGREEMENT ON F&GP

A report by the Director of Corporate Services referred to the proposed Academic Partnership Agreement which had a number of implications for finance and general purposes. The proposed agreement would be discussed further in October

The Committee **NOTED** the report and expressed disappointment at the tone of the document which went against the spirit of partnership.

12. RESEARCH AND CENTRES FINANCE ANNUAL REPORT 2014/15

A report by the Director of Corporate Services updated the committee on the financial reports from research projects for the year to 31 July 2015.

Within the college there were various research projects and activities taking place. The Head of Research and Postgraduate Development had produced a long term strategic plan for research, which linked into the development of the research and enterprise hub, which was an integral part of the New Campus build.

The Committee **NOTED** the position.

13. DEBT WRITE-OFF REPORT – SEPTEMBER 2015

A report by the Director of Corporate Services listed the debts written off by the Principal under delegated powers since the last meeting. As part of the regular review of the debtors' ledger, the report highlighted debts which, having gone through both the College's recovery procedures and the College's debt recovery agents, Incasso, had been identified as not being recoverable.

The Committee **NOTED** the debts written off by the Principal

14. ESTATES AND CAMPUS SERVICES REPORT

A report by the Director of Corporate Services provided information on changes to the estate, progress with capital and planned and preventative maintenance works programmes and performance on reactive maintenance. The Director of Corporate Services advised that he would include the information included in this report within the GTFM report in future.

The Committee **NOTED** the report.

15. ICT SERVICES REPORT

A report by the Director of Corporate Services provided an update on the activities of the ICT Services department including service delivery, UHI future desktop project, shared services, SharePoint (records management and intranet) and work on the new campuses.

The Committee **NOTED** the report.

16. MINUTES

The Committee **NOTED** the Minutes of the Meetings of the following Management Committees

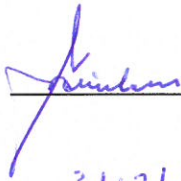
- a) Business Development Committee - 20 May 2015
- b) Business Development Committee - 24 June 2015
- c) Business Development Committee - 29 July 2015
- c) ICT Steering Group - 12 June 2015

17. AOCB

18. DATE OF NEXT MEETING

Thursday 3 December 2015 at 8.30 a.m.

Signed by the Chair:



Date:

3/12/2015