

## Board of Management

### MINUTES of the MEETING of the FINANCE AND GENERAL PURPOSES COMMITTEE held in the Board Room, 1 Inverness Campus on Thursday 22 September 2016

**PRESENT:** Brian Henderson, Mick Longton, Helen Miller, Gavin Ross  
**CHAIR:** Brian Henderson  
**APOLOGIES:** Brenda Dunthorne, Diane Rawlinson,  
**ATTENDING:** Depute Principal  
Director of Corporate Services  
Director of Business Development (items 1-4)  
College Secretary

*The Chair proposed that the order of the agenda be changed, by discussing agenda item 8 after item 3, to allow the Director of Business Development to speak to her report and then depart. This was agreed.*

#### 1. MINUTES OF THE MEETING OF THE FINANCE AND GENERAL PURPOSES COMMITTEE HELD ON 2 JUNE 2016

The Minutes of the Meeting held on 2 June were **ACCEPTED** as a correct record, were **APPROVED** and signed.

#### 2. ARMS LENGTH FOUNDATION

A report by the Director of Corporate Services provided details of a funding request which had been submitted to the Arms Length Foundation. The total amount of the funding request was £349,807 as follows:-

Estates and services (£139,900)

The funding would enable the procurement of plant essential to the maintenance of the college estate and to provide essential services to support the curriculum including:

- Plant that is required following the anniversary of the completion of the NPD asset, at which time the college assumes responsibility from the contractor for grounds maintenance (£35,500).
- Plant to move trades-related curriculum materials effectively into and around the new campus (£23,000).
- Replacement of plant essential to service our specialist forestry curriculum (£69,000).
- Health and safety risk profiling system, excluding annual software licence costs (£12,400).

Curriculum, research and organisational development (£254,907)

There were three streams within this project as follows:

- Curriculum development and learning resource (£121,907)
- Research development (£93,000)
- Staff development (£40,000)

The application had been submitted to the Foundation for consideration at its meeting on 21<sup>st</sup> September so retrospective approval was being sought.

The Depute Principal provided feedback from the meeting with the Foundation Trustees and advised that the £40K for staff development had been approved but would be released for the 2017/18 academic year after the evaluation of the current two year programme and that approval in principle had been given for the release of £93K for research development subject to match funding being achieved.

The Depute Principal confirmed that the Senior Management Team were comfortable that all elements of the funding application met the criteria for use of the ALF funds. The Committee retrospectively **APPROVED** the funding application to the ALF and **REQUESTED** that any funding request be submitted to the committee in advance of any future application.

### 3. **SFC FINANCIAL FORECAST RETURN (FFR) 2016**

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.

The Chair raised the issue of strategic planning and risk mitigation around Brexit. The Depute Principal confirmed that a paper on Brexit, which had been considered by the SMT, would be submitted to the next Board Meeting for discussion.

### 4. **BUSINESS DEVELOPMENT/INTERNATIONAL – PLANNED INCOME & EXPENDITURE FOR 2016/17**

The Director of Business Development referred to her report and highlighted some of the main issues as follows:-

- A £120K transition training funding bid relating to the Oil and Gas industry downturn had been secured.
- The Business Development Team surplus of £36,525 exceeded the budget of £7,143 by £29,382. A further £28K surplus had been used to invest in a Lead Generation pilot.
- Successful bid made for Digital Skills Development in remote and rural areas worth £28K.
- Large events hosted in September included the Graduation reception and the World Canals Civic Reception.
- Delivering new Modern Apprenticeship frameworks in Business

Improvement Techniques and ICT for the first time. Other new Modern Apprenticeships were being explored.

- CREATE's UKCES Catalyst contract had been successfully delivered within budget, reducing the College's planned investment in CREATE from £164K to £105K in 2015-16. Catalyst's online materials were being trademarked for external licensing and the content was being developed to form a module of UHI's Global MBA.
- The International team successfully delivered two "Scottish Experience" programmes to 52 students from Utah and Florida. Dates had been agreed for similar programmes in 2017.
- A Lead Generation Pilot, via a third party agency had been commissioned to identify qualified 'leads' in order that sales resource could be targeted efficiently.
- A Business Development Strategy for ICT Digital had been approved by SMT. Sector strategies were in development for STEM, Health, Medical & Wellbeing and Sports.

The Committee

1. welcomed the very comprehensive and positive report and thanked the Director of Business Development and her team for all their hard work and
2. looked forward to providing input to a Board discussion on the International Strategy which would be reviewed as part of the Strategic Planning process.

#### 5. **FINANCE MONITORING REPORT 2015/16**

A report by the Director of Corporate Services provided the results of the finance monitoring exercise to July 2016 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.

The year to date position, for the 12 months to July 2016, showed the net operational position was £241,000 above the budget level. Income, at £1,335,000 above the budget level and expenditure at £1,094,000 above budget level, contributed to the variation at the end of the period.

The Committee **NOTED** the end of year surplus of £241,000. The Committee **REQUESTED** the Director of Corporate Services to provide a report to the Board which proposed a strategy that would lead to consistent and progressive improvements in creditor and debtor payment schedules.

#### 6. **UPDATE ON ACCOUNTS & EXTERNAL AUDIT PROCESS 2015/16**

A report by the Director of Corporate Services provided an update on the final accounts and external audit process for 2015/16 as a number of changes highlighted in the 2015-16 Accounts Direction, New FE/HE SORP and the



FRS 102 had all impacted on the accounts process. Incorporated colleges were also required to comply with the Financial Reporting Manual (FReM) and the Scottish Public Finance Manual (SPFM) as well as complying with the Statement of Recommended practice (SORP). There were additional disclosures required in the financial statements required by the FReM.

A list of the various disclosures colleges must include in their annual report and accounts were as follows:-

- Strategic report
- Performance report
- Remuneration and staff report.
- Corporate governance report – comply with the good governance set out in the 2014 Code of Good Governance for Scotland's Colleges.
- Notes to the accounts – various additional notes

The year-end report would be tabled at a joint Audit/ Finance and General Purposes Committee meeting on Thursday 8 December 2016 for review and recommendation to the Board of Management. The Board would be asked to consider and approve the report on 22 December 2016 for signing by the Principal and Chair in advance of their submission to the SFC by the deadline of 22 December 2016.

The Committee **NOTED** the report.

#### **7. BANKING ANNUAL REPORT 2015/16**

A report by the Director of Corporate Services provided an update on banking issues over the past year. The Director of Corporate Services referred to interest rate comparisons, the bank interest received and also made reference to the possible requirement that the College would require to use the government banking framework after April 2017. As it was understood that the Royal Bank of Scotland would provide banking services under the new framework, the College should not see a significant change under any new arrangement.

The Committee **NOTED** the report.

#### **8. CAPITAL EXPENDITURE PLAN REPORT 2016/17**

A report by the Director of Corporate Services an update on the Capital Expenditure Plan for 2016/17 (April 2016 – March 2017). The Final Capital Expenditure Budget Allocation for 2016/17 was £195,000. This was a reduction of £20,000 from the Initial budget of £215,000 and a £60,000 reduction from a 2015/16 budget of £255,000. The Capital Expenditure plan for 2016/17, as at July 2016, was within target.

The Committee is **NOTED** that the projected outturn of £195,000 for the overall plan for 2016/17 was on budget.

#### **9. GALLIFORD TRY FACILITIES MANAGEMENT (GTFM) MONITORING REPORT**

A report by the Director of Corporate Services made reference to the GTFM report on activity for the month of July 2016. GTFM continued to perform

below the standard stipulated in the facilities management contract. Scottish Futures Trust (SFT) were working closely with the College to ensure that the terms of the contract were adhered to and that performance improved.

The main issues related to

- Outstanding defects
- Poor but improving response rates to submission of ACNs (authority change notices)
- Low but improving levels of reporting of performance issues/unavailability by GTFM personnel
- Inaccurate reporting and calculation of deductions against the monthly GTFM reports submitted to the College by GTEIL.

The Director of Corporate Services referred to the (draft) amounts that had been deducted from GTEIL Unitary Charge invoices GT since October 2015

The Chair suggested that if required, a meeting with a number of Board Members could be arranged with the GTEIL Board to hold them to account. The Depute Principal agreed to pass on this offer of support to the Principal.

The Committee **NOTED** the report.

**10. RESEARCH AND CENTRES FINANCE ANNUAL REPORT 2015/16**

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 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.

For the period to 31 July 2016, the research area had total income of £259,523, compared with total expenditure of £496,076. Total income included £58,502 of grant income, with £201,021 of project funding also being generated. In terms of expenditure, staff costs amounted to £339,758 with non-staff costs amounting to £156,318.

The Committee **NOTED** the position and, similar to the International Strategy, looked forward to providing input to a Board discussion on the Research Strategy which would be reviewed as part of the Strategic Planning process.

**11. ESTATES AND CAMPUS SERVICES REPORT**

A report by the Director of Corporate Services provided an update on the activities of the Estates and Campus Services department, particularly in relation to the new campus and also the College's legacy buildings.

The Committee **NOTED** the report.

**12. ICT SERVICES REPORT**

A report by the Director of Corporate Services provided an update on the activities of the ICT Services department which included

- ICT Team changes

- UHI Intranet Solution
- UHI Wide Projects
- ICT Business Continuity

The Committee **NOTED** the report.

**13. MINUTES OF MANAGEMENT COMMITTEES**

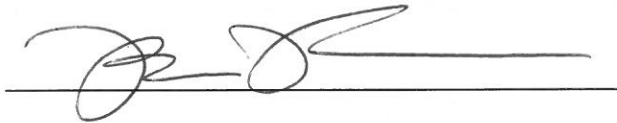
The Committee **NOTED** the minutes of the meetings of the following academic committees:-

- a) Business Development Committee – 17<sup>th</sup> May 2016
- b) ICT Steering Group – 3 June 2016

**14. DATE OF NEXT MEETING**

Thursday 8<sup>th</sup> December 2016 at 9.00 a.m.

Signed by the Chair: \_\_\_\_\_



Date: \_\_\_\_\_

8/12/16