

Board of Management

MINUTES of the MEETING of the FINANCE AND GENERAL PURPOSES COMMITTEE held in the Board Room, 1 Inverness Campus on Thursday 28th September 2017.

PRESENT:	Brian Henderson, Andy Gray, Helen Miller, Chris O'Neil, Tom Speirs
CHAIR:	Brian Henderson
APOLOGIES:	Mick Longton, Carron McDiarmid, Gavin Ross
ATTENDING:	Depute Principal Director of Organisational Development Director of Business Development Director of Finance Secretary to the Board of Management

The Chair requested that the item on Student Residences be moved to the first item for discussion. This was agreed.

1. **MINUTES**

The Minutes of the Meeting of the Finance and General Purposes Committee held on 12 June 2017 were **ACCEPTED** as a correct record and subject to some amendments being made to the wording relating to the KPI's under each of the supporting strategies to ensure there was consistency of approach, were **APPROVED** and would be signed.

Matters Arising - British Sign Language Costs

The Director of Organisational Development confirmed that this matter had been progressed and a collaborative approach with Highland Council and NHS Highland would be in place for next year.

2. **FINANCE AND GENERAL PURPOSES COMMITTEE - TERMS OF REFERENCE**

The Board Secretary referred to the suggested amendments which had been made to the Finance and General Purposes Committee terms of reference which had last been reviewed in June 2015.

The Committee, subject to a number of small amendments being incorporated, **RECOMMENDED** the amended terms of reference to the Board of Management for approval.

3. **ARMS LENGTH FOUNDATION (ALF)**

A report by the Director of Finance set out a summary request for funding from the ALF for a number of areas including ICT equipment, estates investment and CPD – leadership/management. The funds held in the ALF enabled the college to invest for the future.

The Director of Finance also made reference to a communication which suggested that the Foundation Trustees were going to consider the winding down of the Foundation.

The Committee **AGREED** in principle to the proposed summary request for funding in the sum of £236,372 but sought further reassurance that the application to the ALF would be used for strategic investment purposes. The completed application pro forma should be circulated to the Committee members for consideration.

The Committee also **REQUESTED** that an options appraisal report be submitted to the next meeting of the Committee on what our strategy will be regarding the funds if the ALF was wound down.

4. FINANCIAL REGULATIONS

The Director of Finance introduced the Financial Regulations which was the main policy document setting out how the college operated from a financial perspective. She indicated that some changes required to be made, specifically in relation to references to the Financial Memorandum.

The Committee discussed the document and a small number of further changes were suggested.

The Committee **AGREED**, subject to the inclusion of the changes discussed, to recommend the Financial Regulations to the Board of Management for approval.

5. SFC FINANCIAL FORECAST RETURN (FFR) 2017

A report by the Director of Finance referred to the FFR which was part of the SFC's financial health monitoring framework. In line with SFC guidance, the FFR 2017 had already been submitted to SFC.

The biggest financial challenge facing not just IC UHI but the sector as a whole was the impact of National Bargaining. Only the costs of the uplift in salary scales for promoted and unpromoted lecturers had been reflected in the FFR as there was no certainly around financial impact of changes to terms and conditions or changes resulting from job evaluation for support staff or senior management. Discussions at Board level would be required on how the college, and UHI, should plan to address the funding gap.

Accepting the inherent uncertainty in the current environment, the Committee **AGREED** to recommend the FFR 2017 to the Board of Management for approval

6. STUDENT RESIDENCES

The Director of Finance provided some background to the UHI student residences project. UHI had entered into a contract with Cityheart Living (Scotland) Ltd to manage the residences on behalf UHI. Currently the occupancy rate in the residences located on Inverness Campus was 57%. Although UHI had underwritten the project there was an indirect financial risk to Inverness College.

The Committee discussed at some length the main issues around the residences and expressed concern about the lack of marketing information available, about the risk to the College, both financial and reputational, and about the lack of clarity on the strategy for the residences going forward. The committee felt that the integration of marketing with Inverness College could help drive student numbers in some key areas, including international numbers. It was understood that a report would be submitted to the next meeting of the Residences Project Board on the potential financial impact of lower than anticipated occupancy levels.

The Committee **REQUESTED** the Chair of the Board to seek absolute clarity from the UHI Court on the UHI strategy for the residences going forward. College executive members would also raise the concerns through representation on various bodies.

7. NATIONAL BARGAINING

The Director of Organisational Development provided an update on National Bargaining, highlighting the key issues from the recent pay settlement for lecturers.

The FTE equivalent salary for unpromoted lecturers would be £40,026 on 1 April 2019. Once the migration was complete, there would be an additional cost in excess of £5M for the region. This represented a regional increase of more than 16% on the current teaching staff costs. There would be further cost increases relating to teaching staff due to changes in terms and conditions and a significant impact on support staff and management costs resulting from national job evaluation. These costs did not reflect any cost of living increases.

The Committee recognised the concern the current situation was causing and **NOTED** that a further report would be submitted to the Board at its meeting in October.

8. FINANCE MONITORING REPORT 2016/17

A report by the Director of Finance set out the results of the finance monitoring for the 12 months to end July 2017. The forecast year-end position showed a forecast net operational deficit of £772,000 compared with the budget level of £0. The variance in deficit related to the adjusted values to be applied in respect of deferred capital grant which had been recalculated in line with the required accounting in respect of the new campus arrangements.

The Chair requested that the HE credit total be expressed in monetary terms as well as FTE equivalent. It was **AGREED** that the Director of Finance and the Chair would review the format of the monitoring statements to ensure that the Committee was provided with sufficient details to allow them to identify any underlying issues and to challenge appropriately.

The Committee **NOTED** the report.

9. UPDATE ON ACCOUNTS & EXTERNAL AUDIT PROCESS 2016/17

A report by Director of Finance provided an update on the final accounts and external audit process and timescale for 2016/17.

The Committee **NOTED** the report.

10. CAPITAL EXPENDITURE PLAN REPORT 2017/18

A report by the Director of Finance provided an update on the capital expenditure plan for 2017/18 and advised on the approach to ensure that the funds were fully utilised by March 2018.

The Committee **NOTED** the report.

11. BUSINESS DEVELOPMENT/INTERNATIONAL – PLANNED INCOME & EXPENDITURE FOR 2017/18

A report by Director of Business Development provided an in year report on business development across the three areas of activity, namely Business Solutions, International Development and Create. A paper outlining income draft income targets for business solutions and international commercial courses for 2017/18 was tabled.

The Director of Business Development advised that SDS had refused to increase the contract to accommodate 24 new Hospitality MAs and 4 new Customer Service MAs. It had also refused to allow the College to move starts from sector frameworks, which were in low demand, to those in high demand. The UHI VP Further Education, Diane Rawlinson, was making representation to SDS on behalf of the College.

The Committee **NOTED** the position.

12. ESTATES REPORT

A report by the Director of Organisational Development provided an update on outstanding issues relating to the disposal of legacy sites, NPD contract matters and estates and capital project matters.

There were a number of key risks and dependencies relating to the Longman site and the Longman Disposal Project Board were taking these matters forward.

NPD project hard FM contract issues were being rigorously progressed by the Director of Organisational Development. It was suggested that the allocation of staff time required to monitor the performance of the contractor against the facilities management contract should be included as opportunity costs.

The Committee **NOTED** the report

The following items were included in the agenda for noting only and therefore no discussion took place at the meeting.

13. GOVERNANCE

CIPFA BEST PRACTICE GUIDE – FINANCE COMMITTEE EVALUATION.

The finance committee evaluation would take place at the end of the academic year.

14. AUDIT REPORT - NEW CAMPUS – MAINTENANCE AND UNITARY CHARGE CONTROLS

The Chair advised that he would write to the Directors of Finance and Organisational Development on the recommendations in the report.

15. HENDERSON LOGGIE – FOLLOW UP REVIEW

The outstanding items from the follow up review relating to the functions of the Finance and General Purposes Committee were highlighted in the report.

16. AOCB - NEW FINANCE SYSTEM PROJECT

The Director of Finance provided an update on the new finance system project and advised that the potential “go live” date was now June 2018.

17. DATE OF NEXT MEETING

Thursday 7 December 2017 at 9.00 a.m.

Signed by the Chair: _____



Date:

_____13/5/18_____