



Board of Management

MINUTES of the MEETING of the FINANCE AND GENERAL PURPOSES COMMITTEE held in the Board Room, 1 Inverness Campus on Thursday 7 December 2017.

PRESENT: Carron McDiarmid, Andy Gray, Brian Henderson, Helen Miller, Chris O'Neil, Gavin Ross, Tom Speirs
CHAIR: Brian Henderson
APOLOGIES: -
ATTENDING: Director of Organisational Development
Director of Business Development (items 1-3)
Director of Finance
Secretary to the Board of Management

1. MINUTES

The Minutes of the Meeting of the Finance and General Purposes Committee held on 28 September 2017 were **ACCEPTED** as a correct record, were **APPROVED** and signed.

Tom Speirs entered the meeting.

2. OUTSTANDING ACTIONS

The Board Secretary advised that the outstanding actions from previous committee meetings would be discussed at each meeting to ensure that actions had been progressed and that the action list could be updated showing actions completed as appropriate.

The following points were made on the various actions and would be reflected in the updated action plan.

- A more proactive approach would be taken to debt recovery and on understanding the reasons for the level of debt, especially Nursery fees.
- A review of financial resources and processes would be given priority once the new Finance Manager came into post in January 2018.
- More clarity on the flexibility we have in the use of the residences was required. The Principal would raise this with UHI.

The Committee **AGREED** which actions had been completed and could be deleted and those which were still outstanding and would remain on the list.

3. BUSINESS DEVELOPMENT UPDATE

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. The key points to note in the report were as follows:-

- Modern Apprenticeship contract performance was in line with SDS profile at £220K against £205K. An increase in starts from SDS in September

and November had been requested. Nineteen new starts had been allocated at the end of November.

- A proposal to develop a regional UHI approach to a contracting and delivery model for Modern Apprenticeships (MA) had been approved. A bid into UHI strategic development funds had been made to support the development and implementation of the new model, with the aim of achieving stretching growth targets over a 3 year period.
- Business Development short course income was broadly in line with the budget, despite human and physical resource limitations.
- Development of bids for the new Flexible Workforce Development Fund income stream were progressing, with ICUHI submitting over 90% of the UHI bids to date to the value of £80K
- International short course provision for 2017/8 had commenced with Henan University of Urban Construction attending in October. Short courses for US partners were in development for delivery starting in May 2018 to end June 2018.
- An International business development strategy workshop had been held in November, attended by members of SMT, SDI and UHI. The follow up workshop on 15 December would produce a draft 3-year strategy and action plan.
- Business development staff had attended training in identifying and developing Knowledge Transfer Partnerships and innovation vouchers.
- Sponsorship/ scholarship funding from HIE was currently being sought.

The Committee welcomed the new MA delivery model and discussed the level of competition that came from a variety of private training providers. A roll out of the new brand would provide employers with a better understanding of the MA provision at UHI.

The new PG Certificate in Entrepreneurship would be delivered from 2018. Links had been made with Business Gateway and with HIE who were interested in exploring scholarships. This was seen as a key area for growth and diversification. The Committee gave their full support to this initiative and passed on their thanks to the Head of Create who had developed the course.

The Committee **NOTED** the positive report.

4. FINANCE MONITORING REPORT

A report by the Director of Finance set out the results of the finance monitoring for the 2 months to end September 2017. The income budget had been revised to reflect the additional SFC funding subsequently made available towards the cost resulting from the national bargaining pay agreement. The expenditure budget had been revised to incorporate the same value leaving the net position, excluding deferred grant and depreciation, as breakeven.

The Committee discussed the report and the following points were made:-

- Enhanced reporting should be provided in future to inform the committee of the impact of government resource budgets
- There was a need to further develop budget phasing
- It was very difficult to assess the likely level of student support funds as a whole range of factors came into play. There was the potential to

receive extra funding from UHI if the end of year forecast was likely to be above the budget level.

- The Committee wished to receive more up to date finance monitoring figures in future.
- Clarity was sought on the FE and HE student activity targets. A link should be made between the student activity credit and FTE targets with the income and expenditure targets in the I&E report. Additional narrative should be provided to explain any variances.
- Expenditure on staffing costs was £74,000 over target. This was largely because of the support staff pay award being included in the August pay.

The Committee **AGREED** that the Director of Finance would provide a briefing session to the Committee in the New Year.

5. **CAPITAL EXPENDITURE PLAN 2017/18**

A report by the Director of Finance provided an update to the committee on the progress against the capital expenditure plan for the year 2017/18. The FE capital and maintenance grant funding total allocation was £287,308. The capital year ran from April to March.

The budget for ICT equipment was £60,000 and had been allocated against equipment refresh requirements. The budget for general equipment was £66,846. This was intended to fund some equipment requirements identified through the operational planning process. If these requirements were funded through a bid to the Scottish Colleges Foundation (SCF), the general equipment budget could be redirected towards buildings infrastructure. However, the Chair noted that any delay on spend should be avoided if the SCF process was likely to inhibit progress.

The budget for buildings was £160,462 and related to all building capital expenditure including any necessary adjustments to the new campus buildings. Due to difficulties encountered in meeting the extended timescale of 31 July 2017 for two critical building requirements, it had been agreed that these projects would be the first call on funding from the 17/18 allocations (wood chip store and tractor shed refurbishment). In addition to this, increased costs associated with some of the projects and further delay on projects that were anticipated to be completed by 31 July 2017 impacted the 17/18 allocation.

The final position in relation to costs from the 2016/17 projects amounted to £151,810 which was due against 2017/18. This left a balance of £8,652 remaining in the capital budget for buildings. Approval was previously given to progress with the tractor shed refurbishment. This was being taken forward by Procurement and the Estates team but the size of the project was significant and most of the expenditure would fall into 2018/19.

UHI as the RSB were monitoring capital expenditure across the colleges to ensure that the allocation was fully committed. Should there be any additional allocations of FE capital forthcoming, there were items that could be progressed quickly to ensure that the opportunity was not lost. The Director of Organisational Development referred specifically to a survey of the new

campus building to build in flexibility of provision to allow growth objectives to be achieved.

The Committee **NOTED** the capital expenditure report and were reassured that there was a list of priority projects that could be progressed within the required timescale should additional funding become available.

6. OPTIONS APPRAISAL REPORT – ALF

A report by the Director of Finance referred to the request at the last meeting of the committee that an options appraisal be undertaken on the best course of action in light of the decision of the Trustees to wind up the Scottish Colleges Foundation (SCF)

Further clarification had been sought, but not received from the SCF on the details regarding the process they wished to follow, including clarity of timescales.

The Committee asked a number of questions about the structure and operation of the SCF as well as what other options might be available if the Foundation was wound up.

The Committee **REQUESTED** the Director of Finance to prepare an options appraisal for the next meeting of the Committee in March 2018

7. ICT SERVICES REPORT (CYBER RESILIENCE)

A report by the Director of Organisational Development provided a high level briefing on the impact of the Scottish Government Cyber Resilience Action Plan on the College and the planned response to this.

The work on Cyber Resilience was managed by way of a UHI-wide project with Inverness ICT Services Manager a member of the UHI Cyber Resilience project team. From an initial review by the project team of the working documents and drafts, the actions required across the UHI were achievable.

During discussion, a concern was raised that the report understated some issues. In addition, although LIS had the overarching responsibility for cyber security, IC managed some operational issues. It would be necessary to identify who owned each risk.

The Committee **AGREED** that the Director of Organisational Development should

1. discuss the proposed reporting model with the Chair of the Audit Committee to ensure that she was comfortable with the timescales and
2. seek further assurance on whether ownership of risk sat at local or UHI level.

8. CAMPUS SERVICES REPORT (INCORPORATING GTFM)

A report by the Director of Organisational Development provided an update on the five key issues relating to campus services, namely

- the disposal of the Longman site and the Longman Learning resource centre funding conditions
- the performance of GTFM

- Room data sheet (RDS) and construction specification issues
- Group 2 equipment and
- Water compensation event

The Director of Organisational Development further advised that the scope of the contract between the SFC and the project managers for the Longman Disposal, Gardiner and Theobald, had been rewritten to ensure that Gardiner and Theobald provided the expert advice and due diligence required for the project. There were a number of other key issues in relation to the Longman disposal and a meeting of the Longman Disposal Project Board would be held early in the New Year.

In relation to the performance of GTFM, although an improvement plan had been put in place, there were still concerns with the level of service being provided.

The Committee **NOTED** the report.

9. DEBT WRITE-OFF REPORT – NOVEMBER 2017

A report by the Director of Finance provided information on the debts that had been written off by the Principal under delegated authority.

The Committee **REQUESTED** that in future reports, further detail be provided so that patterns of debt and trends could be identified.

10. THE COLE REPORT

Following the collapse of a wall at Oxgangs Primary School and subsequent closure of 17 schools the Government tasked Professor John Cole CBE with the preparation of an independent report (the Cole Report). The Education and Skills Committee had published its report on Infrastructure and had made a number of recommendations.

Contact had been made with SFT for further advice regarding the Cole Report recommendations and NPD projects. In particular, any consideration to the recommendations at the operational stage of the construction project.

The Committee **NOTED** the position.

11. DATE OF NEXT MEETING

Thursday 8 March 2018 at 9.00 a.m.

Signed by the Chair:



Date:

08/03/2018