

Board of Management

MINUTES of the MEETING of the FINANCE AND GENERAL PURPOSES COMMITTEE held in the Board Room, 1 Inverness Campus on Thursday 6 December 2018.

PRESENT: Brian Henderson, Helen Miller, Chris O'Neil, Gavin Ross, Tom Speirs
CHAIR: Brian Henderson
APOLOGIES: Andy Gray, Carron McDiarmid
ATTENDING: Depute Principal
Director of Finance
Director of Organisational Development
Director of Business Development (items 1-6)
Secretary to the Board of Management

1. MINUTES

The Minutes of the Meeting of the Finance and General Purposes Committee held on 27 September 2018 were **ACCEPTED** as a correct record, were **APPROVED** and signed by the Chair.

2. OUTSTANDING ACTIONS

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

The Director of Finance confirmed that limited progress had been made on budget phasing due to resource and systems issues but that this would be addressed going forward.

3. FINANCIAL REGULATIONS – ANNUAL REVIEW

The current Financial Regulations had been approved by the Board of Management in October 2017. An annual review had been undertaken by the Scrutiny Panel (28 August 2018) and SMT (19 September 2018).

The Financial Regulations had been updated to more accurately reflect operational requirements such as payment processes, and provide clearer guidance in procurement around single source supplier procurement.

The Committee asked a number of points of clarification and requested that amended wording be provided in the following sections:-

4 – Responsibility of the Director of Finance

47 – Short courses and Services Rendered

57.1 – Procurement

58.1 – Tender management (tenders and quotations)

90.2 – Security (reference to legislation)

Subject to the inclusion of the amended wording in the sections referred to above, the Committee **AGREED** to **RECOMMEND** the revised Financial Regulations to the Board of Management for approval.

The Committee **AGREED** that amended wording in sections 78.1 - fixed asset register and 80 Stocks and stores, to reflect a capital asset replacement plan be included in the next revision which would be submitted to the Committee in December 2019.

4. **POLICIES**

a. Further Education Fee Waiver

As part of the single policy environment, a single further education fee waiver policy had been developed for implementation across the partnership. The policy would ensure parity in discretionary fee waivers across the UHI partnership and provide clear guidance for both students and staff. The policy was discussed at Scrutiny Panel (28th August 2018) then distributed for Staff Consultation (3rd – 24th October 2018) before progressing to SMT (30th October 2018).

The Committee

1. **AGREED** to **RECOMMEND** the new further education fee waiver policy to the Board of Management for approval.
2. **REQUESTED** that an explanation of any potential implications of adopting the policy be included in the covering report to the Board of Management

b. Student Support Funds

As part of the single policy environment, a student support funds policy had been developed for implementation across the partnership. The policy would bring about more consistency in how partners made decisions on funding and how funding was provided to individuals to support them in their study. The policy was discussed at Scrutiny Panel (28th August 2018) then distributed for Staff Consultation (3rd – 24th October 2018) before progressing to SMT (30th October 2018).

The Committee

1. **AGREED** to **RECOMMEND** the student support funds policy to the Board of Management for approval.
2. **REQUESTED** that an explanation of any financial implications of adopting the policy be included in the covering report to the Board of Management

5. **PROCUREMENT STRATEGY – REVIEW OF PROGRESS**

A joint report by the APUC Supply Chain Manager and the Contracts and Procurement Co-ordinator detailed the college outcomes against objectives set out in the 2016/17 audit committee value for money report, provided 2017/18 tendering activity and set out the 2018/19 procurement objectives.

The Committee discussed the progress being made in moving orders from the SUN finance system to PECOS, the recording of all contracts on the HUNTER database and the requirement to move to E-Invoicing by April 2020.

The Committee **WELCOMED** the detailed and positive report but were mindful of the resource implications of adopting an E-Invoicing system for the

finance and procurement teams. The Committee asked that the need to make a decision on the way forward on e-invoicing was recognised and voiced an expectation that a recommendation would be forthcoming early in the New Year.

6. BUSINESS DEVELOPMENT UPDATE

A report by the Director of Business Development provided an update on business development activity as follows:-

- Modern Apprenticeship contract performance: 83 starts at period 6, forecast 147 full year (against 126 in 2017/8)
- Flexible workforce development income for 17/18 had been confirmed as £294K (£30K higher than reported)
- 32 applications were being progressed for FWDF in 2018/19 to date, to a value of over £460K
- Direct MA offer to Construction Employers was being rolled out
- 1 KTPs was in the advanced stages of application
- A range of bids for external funding had been submitted.

The Committee **NOTED** the positive report but did express concern around the CITB situation and requested an update on the discussions that were to be held – both with the Scottish Government and alternative arrangements.

7. NATIONAL BARGAINING

A report by the Director of Organisational Development advised that the statutory ballot for industrial action by lecturing staff had been issued on 29 November. There was the potential of industrial action taking place as early as 16 January 2019.

The Director of Organisational Development confirmed that if a day of action took place on 16 January, there was a clear position on wage deductions, pensions, sickness absence and holiday requests.

The Committee **NOTED** the position but remained acutely aware of the medium and long term negative financial impact.

8. FINANCE BUDGET MONITORING REPORT - OCTOBER 2018

A report by the Director of Finance provided details of the financial position for the period to 31 October 2018, the key issues being as follows:-

- A net operational deficit of £16K
- That it was unlikely that the College would achieve the HE FTE target
- The effect of the change in SFC policy on student support funds
- The negative variance of £48K within supplies and services, mostly attributable to the increase in the LIS recharge from UHI EO
- The level of age related debt

The Committee **REQUESTED** an urgent update on the reason for the level of increase in the LIS recharge.

The Director of Finance provided clarification on a number of points raised and advised that debt recovery remained an ongoing challenge for the Finance team but that the revised team structure would place more focus on debt control.

The Committee remained concerned about the overall position and that a number of areas were “repeat offenders” in terms of deficit performance.

9. CAPITAL BUDGET MONITORING REPORT - OCTOBER 2018

A report by the Director of Finance provided an update on progress against the 2018-19 capital plan. The capital year ran from April to March.

The budget for ICT equipment, £63,940 had been fully allocated against equipment refresh requirements and would be spent in full by 31 March 2019.

The budget for buildings, £261,044 related to all building capital expenditure including any necessary adjustments to the new campus buildings. The project budget for the tractor shed refurbishment was £245,927, including VAT and contingency. This left a total of £15,117 uncommitted against the buildings capital and no decisions on further works would be made until the tractor shed project was completed and final costs known.

The Chair was reassured that no supply issues were foreseen as a result of Brexit

The Committee **NOTED** the position.

10. FINANCE SYSTEM STATUS UPDATE

A report by the Director of Finance provided an update on the current status of the project to replace some of the existing finance systems in use within the UHI partnership as well as exploring alternative options. As UHI were in dispute with the contractor, no consultancy support would be available until a negotiated settlement had been agreed. This added to the difficulties with timescale.

The Director of Finance advised that the Audit Committee had discussed this matter at length and had requested that a detailed report be submitted to the Board of Management at its meeting on 18 December.

The Chair requested that the paper going to board contained sufficient resource and planning detail to allow consideration of a decision on this matter. There was a growing feeling expressed that this matter was significantly impacting on a number of areas where progress could not be made.

11. COMMITTEE EVALUATION – IMPLEMENTATION PLAN

A report by the Board Secretary referred to the committee evaluation exercise which had recently been carried out as well as outlining the proposed implementation plan with identified actions and timescales.

The Committee **APPROVED** the implementation plan.

12. RESEARCH CENTRES FINANCE ANNUAL REPORT 2017-18

A report by the Finance Manager provided a summary on the financial position of the Research area within the College, namely, the Centre for Remote & Rural Studies (CRRS), the Rivers and Lochs Institute, the

Sustainable Energy & Micro Renewables (SEAM) Centre, Forestry research and the general research area managed by the Head of Research Development.

For the period to 31 July 2018, the research area had total income of £522,224, compared with total expenditure of £926,770 resulting in a net investment of £404,546. A sum of £92,137 was funded from the ALF, whilst the remainder was the investment made by the College.

There had been a detailed discussion at the Learning, Teaching and Research Committee on the imminent retiral of two key members of research staff and the succession planning which was being put in place.

The Chair expressed concern regarding the financial support required to maintain Research. It was clearly a potential USP for the College if it could be developed to a sustainable point. However, it was felt there was a case for strategic investment from UHI to ensure the financial sustainability of the key research areas within Inverness College.

The Committee **NOTED** the report.

13. ESTATES AND ICT REPORTING

A report by the Director of Organisational Development proposed solutions and clarification to the reporting of ICT and Estates Matters.

The terms of reference for the Finance and General Purposes and the Audit Committees as well as the New Campus Project Board and the Longman Disposal Board set out clearly the remits and responsibilities in relation to ICT and Estates matters.

The Committee **AGREED** that future reporting should be made having regard to the terms of reference.

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

14. GOVERNANCE – NPD CONTRACT

A report by the Director of Organisational Development provided detailed analysis of NPD contract issues including outstanding construction ACN's, room data sheet and construction specification dispute, group 2 equipment, water claim and NPD contract compliance management.

15. CAMPUS SERVICES REPORT

A report by the Estates and Campus Services Manager provided information on developments over the last quarter in relation to campus matters including the carbon management plan, the energy management plan, waste management, capital projects and carbon management, contract management, GTFM and Soft FM, college helpdesk development, estates PM schedule and team development.

16. ICT SERVICES REPORT

A report by the ICT Services Manager provided an overview of active ICT projects including: Cyber Resilience, UHI Wi-Fi, UHI Finance System Project, VLE Review, Helpesk Software Replacement and ICT service review.

17. DEBT WRITE-OFF REPORT – OCTOBER 2018

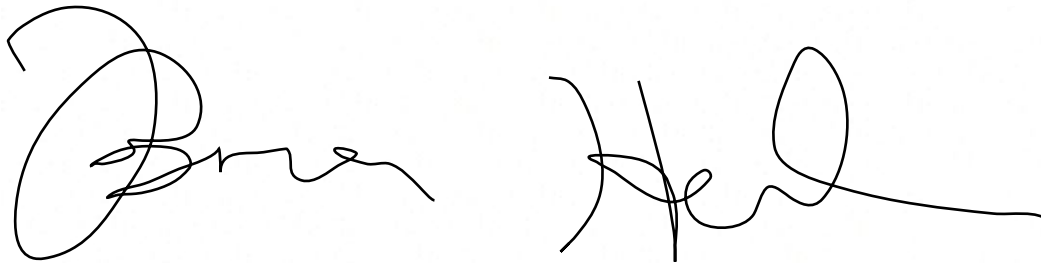
A report by the Finance Services Manager provided information on the debts that had been written off by the Principal under delegated authority.

18. DATE OF NEXT MEETING

Thursday 7 March 2019 at 9.00 a.m.

Signed by the Chair: Brian Henderson

Date: 26/3/19

Two handwritten signatures are present. The first signature on the left is a stylized cursive signature, likely belonging to Brian Henderson. The second signature on the right is also a stylized cursive signature, likely belonging to the Finance Services Manager.