

## Board of Management

Meeting	Finance and General Purposes Committee
Date and time	Thursday 26 September 2019 at 9.00 a.m.
Location	Boardroom, 1 Inverness Campus

Board Secretary  
19 September 2019

### AGENDA

#### Welcome and Apologies

#### Declarations of Interest

### ITEMS FOR DECISION

- 1. MINUTES**  
Finance and General Purposes Committee held on 6 June 2019
- 2. OUTSTANDING ACTIONS**  
Action List
- 3. SFC FINANCIAL FORECAST RETURN (FFR) 2019 - CONFIDENTIAL**  
Report by Director of Finance
- 4. FUNDING APPLICATION TO THE FOUNDATION**  
Report by Director of Finance

### ITEMS FOR DISCUSSION

- 5. FINANCE MONITORING REPORT JULY 2019**  
Report by Director of Finance
- 6. CAPITAL MONITORING REPORT 2019/20**  
Report by Director of Finance
- 7. FINANCE SYSTEM STATUS UPDATE (CONFIDENTIAL)**  
Report by Director of Finance
- 8. STRATEGIES – REVIEW OF PROGRESS**  
Report by Director of Finance
- 9. BUSINESS DEVELOPMENT REPORT (CONFIDENTIAL)**

**ITEMS FOR NOTING**

- 10. UPDATE ON ACCOUNTS & EXTERNAL AUDIT PROCESS 2018/19**  
Report by Director of Finance
- 11. REVENUE BUDGET RE-FORECAST 2019/20 (CONFIDENTIAL)**  
Report by Director of Finance
- 12. ESTATES AND CAMPUS SERVICES REPORT (to include car park management plan)**  
Report by Estates and Campus Services Manager
- 13. AOCB**
- 14. DATE OF NEXT MEETING**  
Thursday 6 December 2018 at 9.00 a.m.

## 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 June 2019.

**PRESENT:** Brian Henderson (by VC), Andy Gray, Helen Miller, Chris O'Neil, Tom Speirs

**CHAIR:** Brian Henderson

**APOLOGIES:** Carron McDiarmid, Gavin Ross

**ATTENDING:** Depute Principal Planning and Student Experience  
Depute Principal Academic Development  
Director of Finance  
Director of Organisational Development  
Director of External Relations  
Secretary to the Board of Management

#### 1. MINUTES

The Minutes of the Meeting of the Finance and General Purposes Committee held on 7 March 2019 were **ACCEPTED** as a correct record, were **APPROVED** and would be signed by the Chair.

#### 2. OUTSTANDING ACTIONS

**Action:**

Financial provision for backfill of staff absence in the 2019 budget.

The Director of Finance advised the pressures within the pay budget were such that it had not been possible to create such a provision for 2019/20. Backfill would be assessed on a case by case basis by the relevant central panel and the Committee were assured that this would only be "in extremis".

The Committee **AGREED** that this action could be closed.

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

#### 3. BUSINESS DEVELOPMENT REPORT

A report by the Director of External Relations provided an update on business development activities and a comprehensive update to the CITB sub contractor issue.

Since the CITB issue had been brought to the attention of the committee at its meeting in March, Colleges Scotland had led a negotiation with CITB, asking them to increase the proportion of funding paid to the Colleges to enable the recruitment and deployment of work based assessors and legal advice had been provided to the Sector on the sub-contractor agreements. The Government had confirmed in mid-May that it would not pay Colleges the

additional costs of assessors (£2.2m in 2018/19 alone) and SQA would not delay the implementation of the Construction framework further. An extraordinary meeting of the College Principals Group was held at the end of May when a range of options around resolution were considered, both for current students and for future students (2019/20 intake).

The Director of External Relations provided an update, advising that she had taken a call from the UK Director of CITB where he had indicated that CITB were meeting on Monday 10 June to discuss the level of funding which was required for the assessors. This was considered to be a positive move by CITB.

It was clear that there were considerable risks but it was also acknowledged that there could be opportunities from the current situation. Further discussion would take place on the contract agreement, particularly the concerns which had been highlighted about the wording of the termination clause.

The Director of External Relations confirmed that Colleges, following CPG advice, were no longer holding a position nationally but that CITB were looking to work with the three main providers, namely Inverness, Perth and Forth Valley Colleges.

The Committee **AGREED** to recommend option 3 within the report to the Board of Management for approval

“Rapid transition. Maintain framework contract with CITB but do not take part in 2019-20 “call-off”. All new construction MA starts delivered through college contract.”

Whilst also acknowledging that the College might need to move to option 4, but only if it was unable to recruit sufficient MA's or full time construction students to make up for the credits associated with the sub-contract.

The Committee also sought clarification on the figures in Table 1 within Appendix 1 and the Director of External Relations confirmed that an amended table would be circulated to members.

The Committee welcomed the positive position on the other business development activities outlined in the report.

#### **4. REVENUE BUDGET 2019/20**

A report by the Director of Finance set out the proposed revenue budget for 2019/20, using the information currently available in relation to funding allocations from UHI as the Regional Strategic Body.

The Director of Finance confirmed that she was had still to receive confirmation or clarity on a number of elements within the budget.

The Committee considered the paper at length.

The Committee **AGREED** to recommend the proposed revenue budget (Option A) for 2019/20 to the Board of Management for approval with a specific recommendation that a discussion around staffing budget was part of the subsequent item.

**5. CAPITAL EXPENDITURE PLAN 2019/20**

A report by the Director of Finance provided information on the draft capital funding allocations to Inverness College UHI for 2019/20. The capital grant had reduced from a figure of £324,984 in 2018/19 to £170,919 for 2019/20

The Committee **AGREED** to recommend the Capital Plan 2019/20 to the Board of Management for approval

**6. CLEANING CONTRACT**

A report by the APUC Supply Chain Manager [Operational] UHI Partnership summarised the process undertaken during the procurement exercise for the cleaning contract the Committee thanked the APUC Supply Chain Manager for an excellent report and **AGREED**, subject to a satisfactory outcome to the tender clarification meeting, to recommend the award of the Cleaning Contract to Pristine Clean Services Ltd for a three year period commencing 1 November 2019 to the Board of Management for approval

**7. TERMS OF REFERENCE**

A report by the Board Secretary advised that the Terms of Reference of the Finance and General Purposes Committee had been reviewed in 2017 and a number of changes were made at that time.

The Committee **AGREED** that an amendment be made to Para 14 relating to buildings and estates and **RECOMMENDED** the TOR to the Board of Management for approval.

**8. DEBT WRITE-OFF REPORT**

A report by the Director of Finance provided information on the value of debts to be written off under the delegated authority of the Principal and sought approval from the committee to write off two debts in excess of the Principal's delegated authority level.

The Committee welcomed the more mature approach to debt management, recognising where debts were not recoverable.

The Committee **AGREED** to write off two debts which were incurred during 2015/16 and which were in respect of tuition fees due from international fee payers as follows.

- October 2015 £3,500 (remaining balance)
- June 2016 £4,600

The Committee also noted a debt which was over the limit for committee approval and which would be submitted to the SFC to write off.

**9. COMMITTEE SELF EVALUATION - IMPLEMENTATION PLAN ACTIONS**

A report by the Board Secretary reminded the Committee of the comprehensive self- evaluation exercise which was completed last year and of the actions had been identified.

The Committee discussed the outstanding actions and **AGREED** that the action list should be updated and that all actions should be shown as complete.

#### 10. **FINANCE MONITORING REPORT**

A report by the Director of Finance provided the financial position for 9 months to the end of April 2019.

The HE (PPF) target for 2018/19 for undergraduate students with a fee status of 'Scottish' or 'European' was 1,618 FTE. As at 24 May 2019 the FTE, counting by module attachment was 1,604.2 FTE. However, the Director of Finance advised that the figure had been reported by UHI as being lower but there was a lack of clarity as two different figures had been included in a recent report.

Supplies and services had a negative variance, the most significant of which was the increase in the LIS charge from UHI EO, increased costs relating to the FWDF provision and additional security cost associated with the Longman Campus.

The Director of Finance confirmed that she had reported a reasonably prudent position in terms of the forecast. Although the end of year forecast was showing a significant deficit, there were still a number of adjustments to be made.

The Committee **NOTED** the report.

#### 11. **CAPITAL MONITORING REPORT TO MARCH 2019**

A joint report by the Director of Finance and an Accountant advised that the full budget allocation of £324,984 had been spent at year end, namely 31 March 2019. The allocation had been split between ICT equipment, (£63,940), Research (£12,968) and Buildings (£248,076).

The budget for ICT equipment had been fully allocated by the ICT Manager against equipment refresh requirements.

The budget for buildings was £261,044 for all building capital expenditure including any necessary adjustments to the new campus buildings. An amendment was made to split this between buildings and research in light of reporting requirements for the BIS funds. This had now been fully committed with the completion of the Balloch Tractor Shed refurbishment and the remaining funds had been utilised in carrying out the installation of sinks and improved lighting in one of the Construction workshops.

The £12,968 Business Innovation Skills (BIS) capital funds had been used to partially fund the purchase of a van for the Research team.

The Committee **NOTED** the year end position.

*The Committee **AGREED** that the item 12 on the agenda, MicroRam, be moved under the line for noting only.*

## **12. RISK REGISTER ANNUAL REVIEW**

A report by the Director of Finance asked the Committee to review the risks from the College risk register that were pertinent to the Finance and General Purposes Committee.

The Committee considered each of the risks presented and **REQUESTED** the Director of Finance to make the agreed amendments to the risk scores and the text as appropriate for risks

- 09 College fails to identify and take opportunities for development and progression
- 20 College does not achieve allocated HE student number targets
- 21 College does not achieve allocated FE credit targets
- 24 Non-compliance with relevant statutory regulations
- 26 Financial failure/operating loss. Inability to achieve a balanced budget
- 30 Institutional personal and sensitive data and/or services are disrupted, lost, stolen or misused

## **13. COMMITTEE CHAIR EVALUATION**

To comply with the Code of Good Governance for Scotland's Colleges and good governance best practice, an annual of the Committee Chair required to be undertaken.

*The Chair left the meeting*

The Committee collectively, completed the annual Committee Chair evaluation exercise.

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

## **14. FINANCIAL PLANNING AUDIT REPORT - RECOMMENDATIONS**

The Internal audit report on financial planning had been completed and had been presented to the Audit Committee

## **15. MICRORAM**

A report by Director of Finance provided a brief overview of the UHI MicroRAM and how this operated in practice.

## **16. DATE OF NEXT MEETING**

Thursday 26 September 2019 @ 09.00

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

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

## Outstanding Actions from Finance and General Purposes Committee

<b>7 December 2017</b>				
<b>Item</b>	<b>Action</b>	<b>Responsibility</b>	<b>Time Line</b>	<b>Actioned</b>
Finance Monitoring Report	Further develop budget phasing	Director of Finance	Aug 2019 for Sept 2019 meeting **	
Debt Write off	A more proactive approach would be taken to debt recovery and on understanding the reasons for the level of debt, especially Nursery fees.	Director of Finance	July 2019 for Sept 2019 meeting **	
<b>6 December 2018</b>				
Financial regulations	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	D of F	Annual review 2019 – Dec 2019 meeting	
<b>6 June 2019</b>				
CITB	Amended table within appendix 1 be circulated to members	D of ER	By mid June	

\*\* This date may have to be adjusted as a result of resource pressures within the Finance team



## Board of Management

<b>Subject/Title:</b>	SFC Financial Forecast Return (FFR) 2019
<b>Author:</b> [Name and Job title]	Fiona Mustarde, Director of Finance
<b>Meeting:</b>	<b>Finance and General Purposes Committee</b>
<b>Meeting Date:</b>	26 September 2019
<b>Date Paper prepared:</b>	23 September 2019
<b>Brief Summary of the paper:</b>	To provide the committee with the FFR 2019 for recommendation to the Board of Management for approval. In line with SFC guidance, the FFR 2019 will be initially be submitted in draft form due to the timing of Board meetings relative to the FFR deadline of 27 September 2019.
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	Recommendation
<b>Link to Strategy:</b> Please highlight how the paper links to, or assists with:: <ul style="list-style-type: none"> <li>• compliance</li> <li>• partnership services</li> <li>• risk management</li> <li>• strategic plan</li> <li>• new opportunity/change</li> </ul>	Compliance – adherence to the Financial Memorandum Risk Management – financial sustainability
<b>Resource implications:</b>	Yes
<b>Risk implications:</b>	Yes <b>If yes, please specify:</b> Operational: Organisational:
<b>Equality and Diversity implications:</b>	No <b>If yes, please specify:</b>
<b>Consultation:</b> [staff, students, UHI & Partners, External] and provide detail	N/A

<b>Status</b> – [Confidential/Non confidential]	Confidential		
<b>Freedom of Information</b> Can this paper be included in “open” business* [Yes/No]	No		
*If a paper should <b>not</b> be included within “open” business, please highlight below the reason.			
Its disclosure would substantially prejudice a programme of research (S27)		Its disclosure would substantially prejudice the effective conduct of public affairs (S30)	
Its disclosure would substantially prejudice the commercial interests of any person or organisation (S33)		Its disclosure would constitute a breach of confidence actionable in court (S36)	
Its disclosure would constitute a breach of the Data Protection Act (S38)		Other (please give further details)	
For how long must the paper be withheld? (express either as the time which needs to pass or a condition which needs to be met.)			

Further guidance on application of the exclusions from Freedom of Information legislation is available via

<http://www.itspublicknowledge.info/ScottishPublicAuthorities/ScottishPublicAuthorities.asp> and

[http://www.itspublicknowledge.info/web/FILES/Public\\_Interest\\_Test.pdf](http://www.itspublicknowledge.info/web/FILES/Public_Interest_Test.pdf)

## Board of Management

<b>Subject/Title:</b>	Funding Application to the Foundation
<b>Author:</b> [Name and Job title]	Fiona Mustarde, Director of Finance
<b>Meeting:</b>	Finance & General Purposes
<b>Meeting Date:</b>	26 September 2019
<b>Date Paper prepared:</b>	16 September 2019
<b>Brief Summary of the paper:</b>	To provide the committee with two proposed applications to be submitted to the Scottish Colleges Foundation
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	Approval
<b>Link to Strategy:</b> Please highlight how the paper links to, or assists with: <ul style="list-style-type: none"> <li>• compliance</li> <li>• partnership services</li> <li>• risk management</li> <li>• strategic plan</li> <li>• new opportunity/change</li> </ul>	Risk management – provides mitigation for failing equipment Strategic plan – supports the college to provide a suitable learning experience
<b>Resource implications:</b>	Yes <b>If yes, please specify:</b>
<b>Risk implications:</b>	Yes <b>If yes, please specify:</b> Operational: failing equipment requires more staff resource to maintain and deal with issues Organisational: risk to reputation if equipment not fit for purpose
<b>Equality and Diversity implications:</b>	No <b>If yes, please specify:</b>
<b>Consultation:</b> [staff, students, UHI & Partners, External] and provide detail	N/A

<b>Status</b> – [Confidential/Non confidential]	Non Confidential		
<b>Freedom of Information</b> Can this paper be included in “open” business* [Yes/No]	Yes		
*If a paper should <b>not</b> be included within “open” business, please highlight below the reason.			
Its disclosure would substantially prejudice a programme of research (S27)		Its disclosure would substantially prejudice the effective conduct of public affairs (S30)	
Its disclosure would substantially prejudice the commercial interests of any person or organisation (S33)		Its disclosure would constitute a breach of confidence actionable in court (S36)	
Its disclosure would constitute a breach of the Data Protection Act (S38)		Other (please give further details)	
For how long must the paper be withheld? (express either as the time which needs to pass or a condition which needs to be met.)			

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## Scottish Colleges Foundation

### Executive summary

The committee is requested to approve the attached two bids for onward submission to the Scottish Colleges Foundation.

### Background information

On entering into ONS reclassification as a public sector body in 2014, many Colleges elected to transfer reserves to arms-length foundations. The purpose of this was to ensure that these funds were retained for use within the sector and not lost back to central government. The SFC facilitated the set-up of the umbrella foundation, the Scottish Colleges Foundation, and we participate in this.

In order to ensure appropriate governance over the use of these funds, it was agreed that proposed bids to the Foundation should be approved by this Committee prior to submission.

### Submission Information

There are two applications which have been prepared for submission to the next meeting of the Trustees. The detailed applications are attached and summarised below:

1. ICT Equipment – a request for funding of £60k to enable the ICT team to refresh equipment that has reached, or passed, its expected lifecycle. This request is due to the reduction in capital grant funding made available through SFC.
2. AV Equipment for the Lecture Theatre – a request for funding of £50k to replace equipment in the lecture theatre. There have been recent issues with the reliability of the audio visual equipment in the lecture theatre with components starting to fail. Should this fail during external use of the lecture theatre, this could significantly adversely impact on our reputation and therefore our ability to generate income through external events.

## Board of Management

<b>Subject/Title:</b>	Finance Monitoring Report – July 2019
<b>Author:</b> [Name and Job title]	Janie Cargill, Finance Manager Fiona Mustarde, Director of Finance
<b>Meeting:</b>	<b>Finance and General Purposes Committee</b>
<b>Meeting Date:</b>	26 September 2019
<b>Date Paper prepared:</b>	13 September 2019
<b>Brief Summary of the paper:</b>	To provide the Committee with the corporate financial position of the College for the year 2018/19 as at July 2019. This position is prior to year-end adjustments.
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	Discussion
<b>Link to Strategy:</b> Please highlight how the paper links to, or assists with:: <ul style="list-style-type: none"> <li>• compliance</li> <li>• partnership services</li> <li>• risk management</li> <li>• strategic plan</li> <li>• new opportunity/change</li> </ul>	
<b>Resource implications:</b>	Yes: whether the College has sufficient resources to meet commitments
<b>Risk implications:</b>	Yes <b>If yes, please specify:</b> Operational: cash-flow Organisational: surplus/(deficit), ability to meet customer demand and stakeholder requirements
<b>Equality and Diversity implications:</b>	No <b>If yes, please specify:</b>
<b>Consultation:</b> [staff, students, UHI & Partners, External] and provide detail	N/A

<b>Status</b> – [Confidential/Non confidential]	Non-confidential		
<b>Freedom of Information</b> Can this paper be included in “open” business* [Yes/No]	Yes		
*If a paper should <b>not</b> be included within “open” business, please highlight below the reason.			
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Its disclosure would constitute a breach of the Data Protection Act (S38)		Other (please give further details)	
For how long must the paper be withheld? (express either as the time which needs to pass or a condition which needs to be met.)			

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## Financial Monitoring for 2018/19 as at July 2019

### Executive summary

The committee is asked to discuss the report.

### Background information

Regular reporting to committee is an essential element of financial governance. The reports should provide committee members with appropriate, sufficient information to ensure that the College is operating on a sustainable basis. The format of reporting is currently under review and will change in future with the aim of providing enhanced information to committee members.

The financial monitoring for the 12 months actuals to July 2019 is attached. Further detail to support values is contained in the narrative below.

### Income and Expenditure Monitoring

1. The results of the financial monitoring exercise for the 12 month actuals to July 2019 are summarised in the table below.

**Table 1: 2018/19 Income and Expenditure Monitoring – July 2019**

YEAR TO DATE	Actual July 19 £000	Phased Budget July 19 £000	Variance £000
Income	30,017	27,872	2,145
Expenditure	30,734	29,257	(1,477)
Net Operational Surplus / (Deficit)	(717)	(1,385)	668
YEAR END	Forecast £000	Budget £000	Variance £000
Income	30,017	27,872	2,145
Expenditure	30,734	29,257	(1,477)
Net Operational Surplus / (Deficit)	(717)	(1,385)	668



2. The income budget was previously revised to reflect the additional SFC funding subsequently made available towards the cost resulting from the national bargaining pay agreement. The expenditure budget was previously revised to incorporate the same value leaving the net position, excluding deferred grant and depreciation, as breakeven.
3. The year to date position, for the 12 months to July 2019, shows the net operational position is £668 favourably above the budget level. Income, at £2,145k above the budget level and expenditure at £1,477k adversely over budget level, contribute to the variation at the end of the period and more detailed information is provided within this report.
4. The forecast year-end position shows a net deficit of £717k compared with the budget level deficit £1,385k, thus a positive variance of £668k. The main favourable variance in the year-end forecast as previously reported to the Board of Management is for £640K from the Scottish Colleges Foundation, which was received in relation to the group 2 equipment and the construction ACNs. The accounting treatment of this has to be verified but it is currently included in other income in 2018-19 for this report.

In addition, there is income from UHI of £685k classed under Funding Council Grants income, which has been drawn down in relation to the costs incurred for the demolition works at the old Longman site. The actual net costs incurred (after the option to tax) for the demolition of £585k, are also included under Property Costs. Adjusting for these the adjusted net position would be a deficit of £1,457k against the annual budget prediction of £1,385 deficit. Note that these figures include the estimated budget amounts for both depreciation £1,706k and deferred grants for £321k.

Key points impacting this figure are identified below.

5. The monitoring results are shown in the appendices. The list of pages is shown below:
  - Page 1 – Income & Expenditure Report – month, year to date (YTD) and year end.
  - Page 2 – Income & Expenditure Report – showing actual & forecast for the year.
  - Page 3 – Cash Flow Analysis - month, year to date (YTD) and year end.
  - Page 4 – Monthly & cumulative cash position, in graphical form.
  - Page 5 – Cash flow Forecast – showing actual & forecast for year.
  - Page 6 – Creditors Report – showing percentage of creditors paid within 30 days in graphical form.
  - Page 7 – Debtors Report - provides an analysis of the value of student and business debt outstanding.

## Income

6. The grant income related to student activity on the FE side was budgeted at £8,997,862 for 2018/19 (including national bargaining funding) and our core credit target is 28,915 credits. In addition to this we have an ESF target of 296 credits giving a total target of 29,211 credits.

The following table illustrates the current credit position for 2018/19.

<b>FE</b>	<b>2018-19</b>
Core Credit Target	28,915
ESF Target	296
Total Target	29,211
<b>Total Credits as at 31/08/2019</b>	<b>29,435</b>
<i>Total Credits as at 13/08/2018</i>	<i>29,608</i>

Currently, the total enrolments for 2018/19 at FE level is 5,440 heads generating 29,435 credits, which is 100.8% of our target.

The teaching grant income for HE was budgeted at £4,594,626 for 2018/19. The HE (PPF) target for 2018/19 for undergraduate students with a fee status of 'Scottish' or 'European' is 1,618 FTE. As at 28 June 2019 the FTE, counting by module attachment is 1,578.2 FTE which is 97.8% of target.

This is a reduction of 26 FTE on the previously reported figure of 1,604.2. This is due to the late notification of graduate apprentices having been erroneously included in activity reports generated centrally.

PPF Target HE FTE (Undergraduate students, including SC and EU fee statuses, excluding PGDE)	<b>1,618</b>
HE students as at 28/06/2019 - count by module attachment	<b>1,578.2</b>

This has resulted in a drop in RAM teaching grant of £144,823 for 2018/19 which has been partially offset by an increase in postgraduate teaching grant of £39,549.

The college's taught postgraduate provision has exceeded target this year as follows:

PPF Target – Taught Postgraduate FTE	<b>34.3</b>
Taught Postgraduate FTE at 28/6/2019	<b>64.6</b>

The drop in RAM funding was further compounded by unanticipated increases in micro-RAM outflow. The final position on the micro-RAM, including RUK and international student activity, amounted to a net outflow from Inverness College of £631,065 to other partners. For information, the net outflow projected in the April micro-RAM report amounted to £494,019.

The Funding Council Grants income budget includes other SFC FE grants and UHI funding.

7. The budget for the year for SFC unitary charge funding was £4,732,000 and actuals reflect the same at July 2019, showing a nil variance.
8. The income budget allocated to the College for student support funds was less than that anticipated at budget setting. The College requested an additional £350,000 of student support funding through the in-year redistribution exercise and this was funded in full.
9. The budget for the year for tuition fees is £3,296k and as at July 2019, there is a positive variance of £11k against the budget.
10. SDS Training Contracts income consists of modern apprenticeship funding and foundation apprenticeship funding. At July 2019, there is a positive variance of £240k. Most of these funds are released on the basis of claims submitted to SDS who operate an April to March financial year.
11. FWDF income received to July amounted to £110k against budget of £130k. There has been an in-year change to how these funds are received and colleges are now required to include this in their monthly SFC cash flow draw down. The previous forecast activity level reflected the anticipated activity against the 2018/19 allocation rather than the 2018/19 financial year.
12. Other income for the 12 months to July 2019 is £2,874k against a budget of £2,243k. The positive variance against budget relates entirely to the Scottish Colleges Foundation funding in respect of the group 2 and ACN payments made to GTEIL, for £640k.

## Expenditure

13. Staffing expenditure on actual staffing costs for the 12 months to July 2019 is a negative variance of £205k. This reflects the impact of pay awards for both teaching and non-teaching staff. Provision was made within the budget for a 2% uplift. The final agreement for support staff was 2% or more depending on pay levels. The final agreed pay award for teaching staff amounted to £1,500 per FTE, costing £78k, together with an additional one-off Non-Consolidated Pay Award catch up, costing a further £65k.

Other Staff Costs include travel & subsistence and our commitment to professional development and staff training. The actual costs reflect a favourable variance compared to budget of £44k.

Overall, there is a negative variance of £161k for total staffing costs.

14. Property costs for the 12 months to July 2019 amount to £1,602k against a budget of £1,126k, a negative movement of £476k. The main variance is due to the costs incurred for the Longman campus. Non demolition costs associated with Longman

to July 2019 are £101,498 and a further £585,294 net of vat, reflect actual demolition costs.

15. The unitary charge position shows a negative variance of £53k against budget year to date. This does not reflect the actual cash deductions withheld from the monthly unitary charge payment made to date. Discussion is continuing with GTEIL in relation to resolving historical issues around the pay mechanism.
16. Transport costs for the 12 months to July 2019 are £109k, a £46k deficit against budget. This includes the additional cost of hire vehicles to accommodate contracting activity. A further review of transport is planned to ensure that journeys are planned in an efficient and cost effective manner. The number of vehicle hires has increased significantly in the last year and hires and short term leases are inefficient and more costly, as well as increasing the administrative burden.
17. Supplies and services has a negative variance compared to budget of £280k for the 12 months to July 2019. There are a number of movements within this but the most significant are:-
  - Hospitality budget was set at an increased budget of £37k for 2018/19, however actuals are £101k, an unfavourable variance from budget of £64k.
  - Equipment purchases are budgeted at £52k compared to actuals for the year of £104k, resulting in a 100% overspend of £52k.
  - The HIE maintenance charge actuals are £132k, some £21k over budget expectation
  - The LIS recharge from UHI EO of £312k compared to anticipated budget of £295k, over budget by £17k.
  - There are also increased costs relating to FWDF provision, which will be offset by the income received.

## **Cash Flow**

18. The opening cash balance for the year was £4,083,825. The position as at 31 July 2019 is an actual cash balance of £3,294,230 compared with a budgeted position of £3,049,568 giving a positive variance of £244,662.
19. This does not include Foundation grant income of £537,732 which was not received until August 2019 but the corresponding expenditure was paid out in July 2019.

## **Creditor Payments**

20. We have revised our approach to reporting of creditor payments. The previous analysis of creditor payments was undertaken by sampling creditor payment runs. The new approach, which we will continue to refine over the coming months, uses all creditor payment data to derive the percentage of invoices paid within 30 days. For the month of July 2019, 64% of creditor invoices were paid within 30 days.

A chart setting out the monthly results over the past 12 months is appended.

**Debtors Summary**

21. Analysis of debtor's information shows that for July 2019, the total invoiced debt for the College is £804,169. This breaks down as £643,654 business debt and £160,515 of student debt.
22. Debt recovery is an ongoing challenge and the new Finance Manager is working with the credit control team to understand the environment in which we operate and how we can become more effective and efficient in securing and maximising these cash flows.

# Inverness College

## Income and Expenditure Report

Year 2018/19

Month July

		YTD			Year End		
	Report Para.	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Forecast</u>	<u>Budget</u>	<u>Variance</u>
<b>Income</b>							
Funding Council Grants	5	15,068	14,256	812	15,068	14,256	812
Unitary Charge	6	4,732	4,732	(0)	4,732	4,732	(0)
Student Support Funds	7	2,740	2,270	471	2,740	2,270	471
Tuition Fees	8	3,308	3,296	11	3,308	3,296	11
SDS Training Contracts	9	865	625	240	865	625	240
FWDF	9	110	130	(20)	110	130	(20)
Other Income	10	2,874	2,243	631	2,874	2,243	631
Deferred Grant		321	321	0	321	321	0
		<b>30,017</b>	<b>27,872</b>	<b>2,145</b>	<b>30,017</b>	<b>27,872</b>	<b>2,145</b>
<b>Expenditure</b>							
Staff	11	15,658	15,453	(205)	15,658	15,453	(205)
Other Staff	11	265	309	44	265	309	44
Property	12	1,602	1,126	(476)	1,602	1,126	(476)
Unitary Charge	13	4,196	4,143	(53)	4,196	4,143	(53)
Transport	14	109	62	(46)	109	62	(46)
Supplies and Services	15	4,469	4,189	(280)	4,469	4,189	(280)
Student Support Funds		2,730	2,270	(460)	2,730	2,270	(460)
Depreciation		1,706	1,706	0	1,706	1,706	0
		<b>30,734</b>	<b>29,257</b>	<b>(1,477)</b>	<b>30,734</b>	<b>29,257</b>	<b>(1,477)</b>
<b>Net Operational Surplus / (Deficit)</b>		<b>(717)</b>	<b>(1,385)</b>	<b>668</b>	<b>(717)</b>	<b>(1,385)</b>	<b>668</b>

# Inverness College

## Income and Expenditure Report

Year 2018/19

Month July

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	Report Para.	<u>Actual</u> <u>£000s</u>	<u>Year End</u> <u>Forecast</u> <u>£000s</u>	<u>Budget</u> <u>£000s</u>	<u>Variance</u> <u>£000s</u>
<b>Income</b>					
Funding Council Grants	5	15,068	15,068	14,256	812
Unitary Charge	6	4,732	4,732	4,732	(0)
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Depreciation		1,706	1,706	1,706	0
		<b>30,734</b>	<b>30,734</b>	<b>29,257</b>	<b>(1,477)</b>
<b>Net Operational Surplus / (Deficit)</b>		<b>(717)</b>	<b>(717)</b>	<b>(1,385)</b>	<b>668</b>

Inverness College

Cash Flow Analysis

Year 2018/19

Month July

	YTD			Year End		
	Actual	Budget	Variance	Forecast	Budget	Variance
<b>Income</b>						
SFC Funding	14,587,683	13,782,986	804,697	14,587,683	13,782,986	804,697
UHI HE Funding	4,698,830	5,083,659	(384,829)	4,698,830	5,083,659	(384,829)
Student Support Funds	2,512,034	2,180,954	331,080	2,512,034	2,180,954	331,080
Other Revenue Income	7,543,686	6,618,513	925,173	7,543,686	6,618,513	925,173
Other Capital Income	-	-	-	0	0	0
Foundation Revenue Income	48,160	92,000	(43,840)	48,160	92,000	(43,840)
Foundation Capital Income	640,643	-	640,643	640,643	0	640,643
EMA Funding	128,525	100,000	28,525	128,525	100,000	28,525
	30,159,561	27,858,112	2,301,449	30,159,561	27,858,112	2,301,449
<b>Expenditure</b>						
Salaries Total	15,597,982	15,525,144	72,838	15,597,982	15,525,144	(72,838)
Other operating expenditure	5,860,866	5,797,932	62,934	5,860,866	5,797,932	(62,934)
NPD unitary charges	4,807,629	5,100,842	(293,213)	4,807,629	5,100,842	293,213
EMA Student Maintenance	100,260	100,000	260	100,260	100,000	(260)
Student Support	2,438,121	2,307,786	130,335	2,438,121	2,307,786	(130,335)
SFC Capital - Demolition	685,130	0	685,130	685,130	0	(685,130)
SFC Capital - Land	-	0	0	0	0	0
SFC Capital - buildings	91,972	60,665	31,307	91,972	60,665	(31,307)
SFC Capital - fixtures and fittings	-	0	0	0	0	0
SFC Capital - ICT	105,727	0	105,727	105,727	0	(105,727)
Other capital expenditure	1,261,469	0	1,261,469	1,261,469	0	(1,261,469)
Surrender of proceeds	-	0	0	0	0	0
	30,949,156	28,892,369	2,056,787	30,949,156	28,892,369	(2,056,787)
<b>Net Income (Expenditure)</b>	(789,595)	(1,034,257)	244,662	(789,595)	(1,034,257)	244,662
<b>Opening Bank Balance</b>	4,083,825	4,083,825	-	4,083,825	4,083,825	-
<b>Closing Bank Balance</b>	3,294,230	3,049,568	244,662	3,294,230	3,049,568	244,662

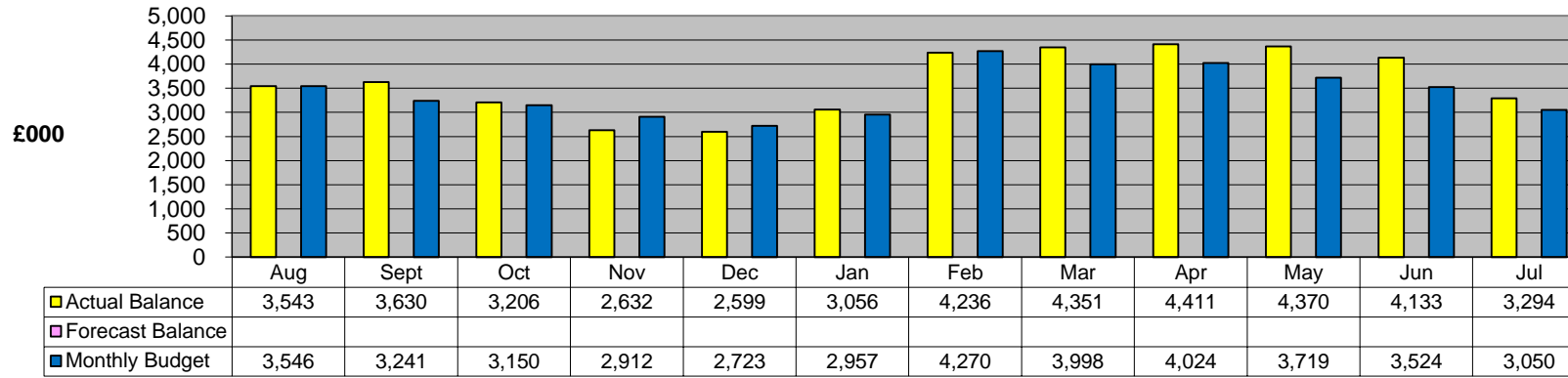


## Cashflow

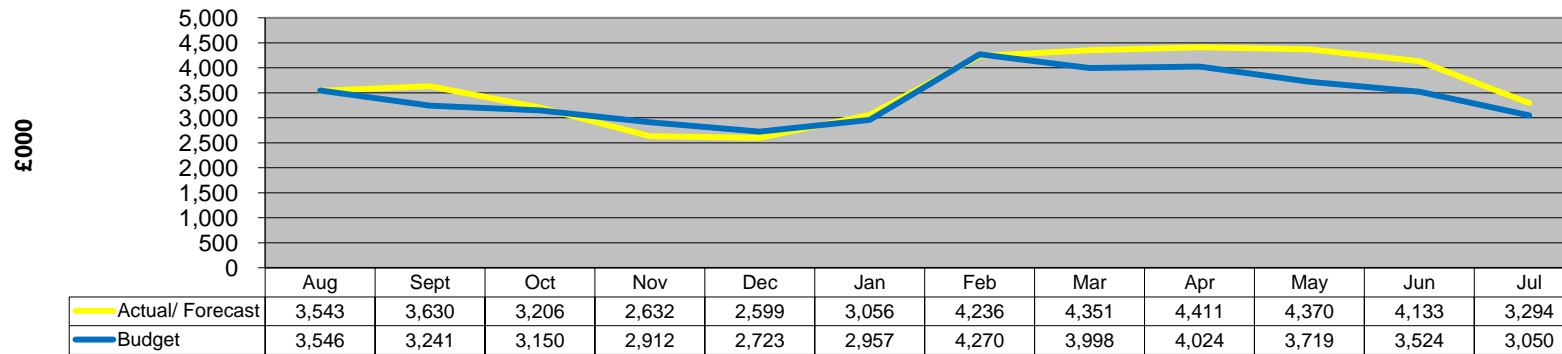
Year 2018/19

Month JULY

### Monthly Cash Balances



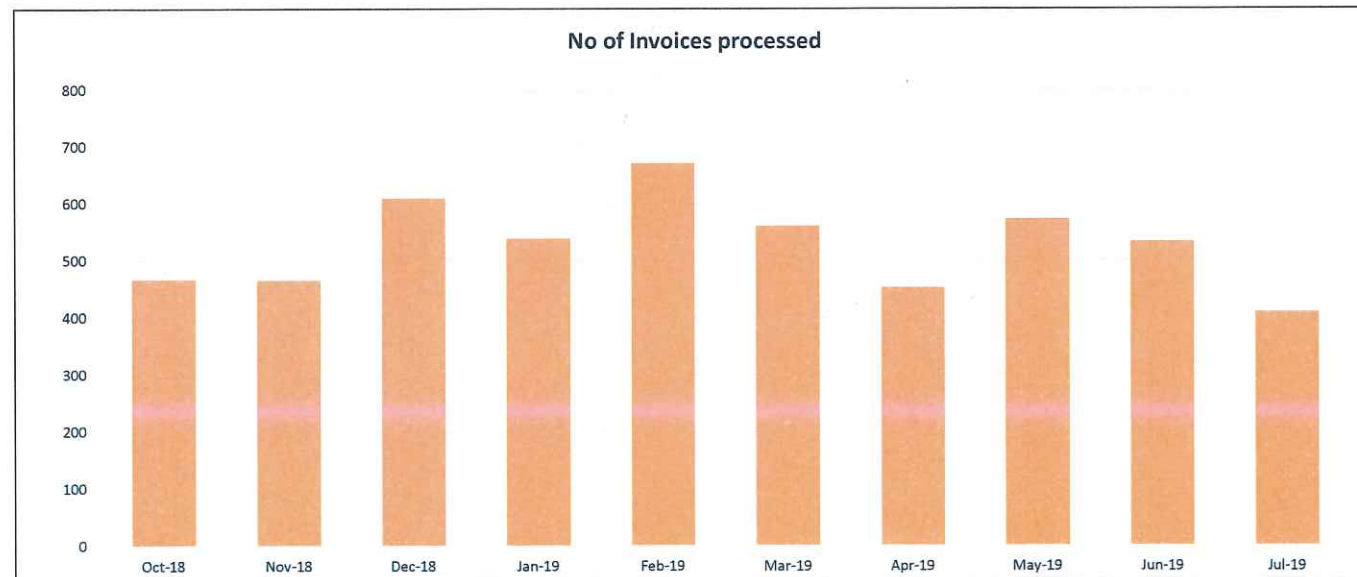
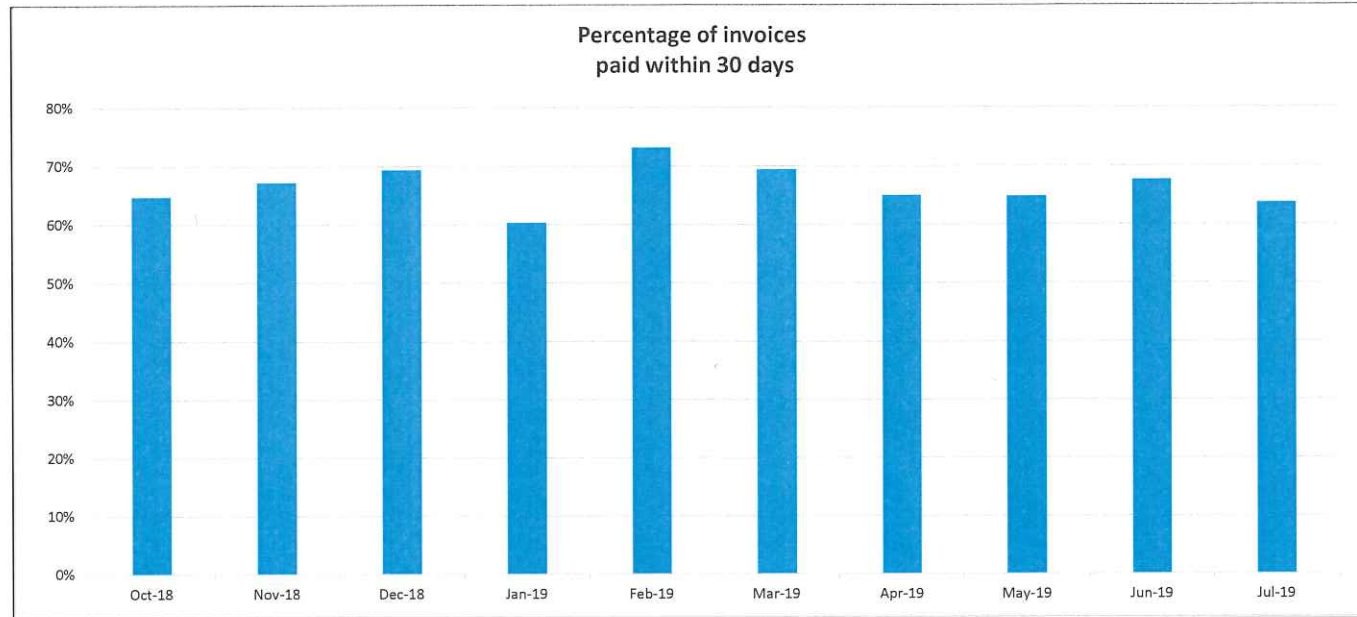
### Monthly Cash Balances



**INVERNESS COLLEGE**
**FORECAST CASH FLOW - 12 MONTHS - AUGUST 2018 TO JULY 2019**

	Actual AUGUST	Actual SEPT	Actual OCT	Actual NOV.	Actual DEC	Actual JAN	Actual FEB	Actual MARCH	Actual APRIL	Actual MAY	Actual JUNE	Actual JULY	Actuals TOTAL	Budget	Variance
<b>OPENING BALANCE</b>	4,083,825	3,542,930	3,629,793	3,206,201	2,631,927	2,598,860	3,056,190	4,236,338	4,350,734	4,410,769	4,369,676	4,133,212	4,083,825	4,083,825	0
<b>INCOME</b>															
SFC Funding	811,221	1,035,100	1,179,767	1,279,767	1,474,767	1,479,767	809,274	1,110,442	1,457,569	1,172,835	1,174,478	1,602,696	14,587,683	13,782,986	804,697
UHI HE Funding	354,523	354,523	524,309	405,339	405,214	389,442	404,644	405,130	453,042	501,332	501,332	-	4,698,830	5,083,659	- 384,829
Student Support Funds	100,000	158,000	183,000	200,000	150,000	187,363	200,000	431,080	250,000	250,000	350,000	52,591	2,512,034	2,180,954	331,080
Other Revenue Income	436,170	667,565	345,720	234,082	380,676	606,831	2,539,356	402,209	343,162	834,496	359,677	393,742	7,543,686	6,618,513	925,173
Other Capital Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foundation Revenue Income	-	48,160	-	-	-	-	-	-	-	-	-	-	48,160	92,000	- 43,840
Foundation Capital Income	-	-	-	-	-	-	-	640,643	-	-	-	-	640,643	-	640,643
EMA Funding	12,960	90	4,470	14,250	11,790	14,910	5,310	25,185	6,060	13,670	9,570	10,260	128,525	100,000	28,525
<b>TOTAL INCOME</b>	1,714,874	2,263,438	2,237,266	2,133,438	2,422,447	2,678,313	3,958,584	3,014,689	2,509,833	2,772,333	2,395,057	2,059,289	30,159,561	27,858,112	2,301,449
<b>EXPENDITURE</b>															
Salaries Total	1,208,567	1,152,100	1,181,627	1,271,392	1,322,569	1,259,743	1,271,218	1,307,036	1,354,948	1,414,238	1,402,589	1,451,955	15,597,982	15,525,144	- 72,838
Other operating expenditure	471,632	372,623	749,463	610,402	463,910	308,252	303,785	676,811	449,601	596,746	500,072	357,569	5,860,866	5,797,932	- 62,934
NPD unitary charges	450,600	411,540	408,330	408,054	406,892	395,198	413,458	407,865	260,217	414,266	416,867	414,342	4,807,629	5,100,842	293,213
EMA Student Maintenance	-	4,470	14,250	11,790	6,990	5,310	11,430	18,120	5,610	9,540	10,260	2,490	100,260	100,000	- 260
Student Support	10,812	235,842	264,079	260,126	253,993	215,157	239,740	352,966	215,311	222,660	165,823	1,612	2,438,121	2,307,786	- 130,335
SFC Capital - Demolition	-	-	-	-	-	37,323	17,752	83,275	122,324	155,976	135,910	132,570	685,130	-	685,130
SFC Capital - Land	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SFC Capital - buildings	60,665	-	-	-	-	-	-	31,307	-	-	-	-	91,972	60,665	- 31,307
SFC Capital - fixtures and fittings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SFC Capital - ICT	14,668	-	-	-	-	-	26,359	22,913	41,787	-	-	-	105,727	-	105,727
Other capital expenditure	38,825	-	43,109	145,948	1,160	-	494,694	-	-	-	-	537,733	1,261,469	-	1,261,469
Surrender of proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank Interest Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE</b>	2,255,769	2,176,575	2,660,858	2,707,712	2,455,514	2,220,983	2,778,436	2,900,293	2,449,798	2,813,426	2,631,521	2,898,271	30,949,156	28,892,369	(2,056,787)
Actual Monthly Movement	(540,895)	86,863	(423,592)	(574,274)	(33,067)	457,330	1,180,148	114,396	60,035	(41,093)	(236,464)	(838,982)	(789,595)	(1,034,257)	244,662
Budget Monthly Movement															
<b>CLOSING BALANCE</b>	3,542,930	3,629,793	3,206,201	2,631,927	2,598,860	3,056,190	4,236,338	4,350,734	4,410,769	4,369,676	4,133,212	3,294,230	3,294,230	3,049,568	244,662
Cumulative Budget position															

Period	% paid within 30	No of Invoices
Oct-18	65%	466
Nov-18	67%	465
Dec-18	69%	609
Jan-19	60%	538
Feb-19	73%	670
Mar-19	69%	560
Apr-19	65%	452
May-19	65%	572
Jun-19	68%	532
Jul-19	64%	408

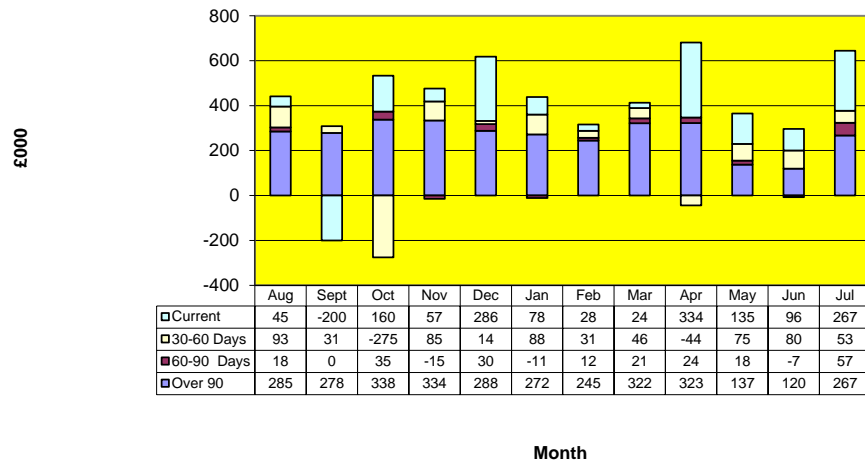


## Debtors

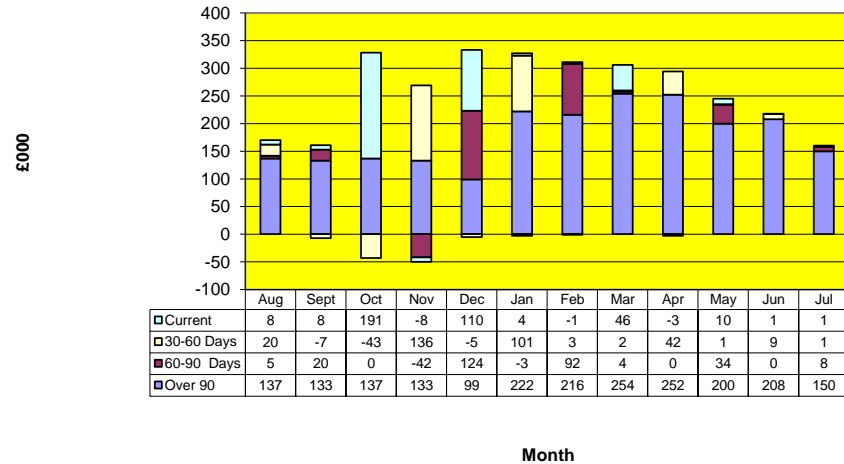
Year 2018/19

Month JULY

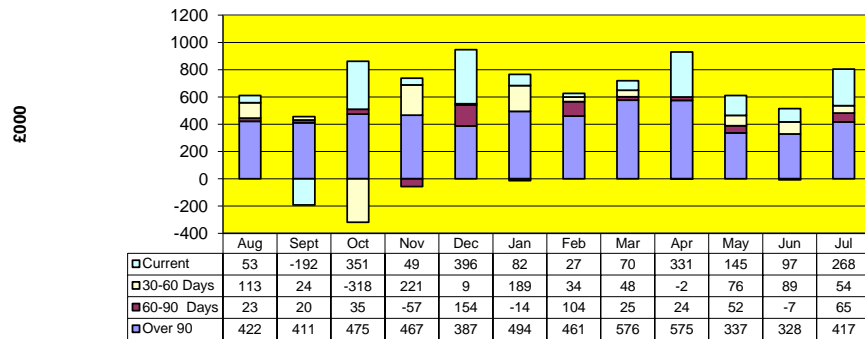
### Business Debt



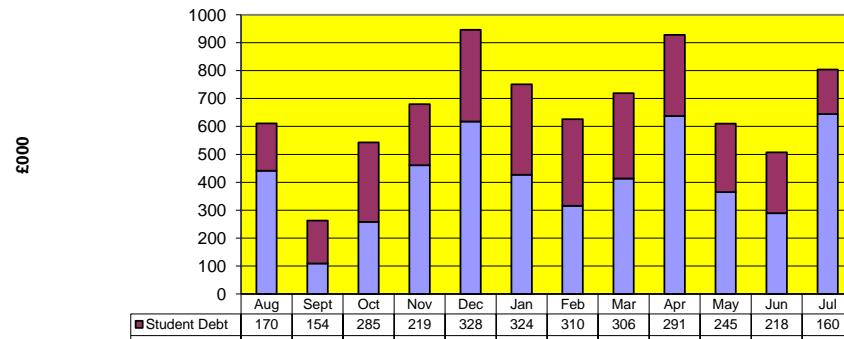
### Student Debt



### Total Debt



### Total Debt



												<div><div>Business Debt</div><div>441109258461618427316413637365289644</div></div>											
Month												Month											

## Board of Management

<b>Subject/Title:</b>	Capital Plan 2019/20
<b>Author:</b> [Name and Job title]	Fiona Mustarde, Director of Finance
<b>Meeting:</b>	Finance and General Purposes Committee
<b>Meeting Date:</b>	20 September 2019
<b>Date Paper prepared:</b>	26 September 2019
<b>Brief Summary of the paper:</b>	To provide the committee with information on the plans to utilise the 2019/20 capital budget.
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	<b>Discussion</b>
<b>Link to Strategy:</b> Please highlight how the paper links to, or assists with: <ul style="list-style-type: none"> <li>• compliance</li> <li>• partnership services</li> <li>• risk management</li> <li>• strategic plan</li> <li>• new opportunity/change</li> </ul>	
<b>Resource implications:</b>	Yes <b>If yes, please specify:</b> Must ensure funds are fully utilised in year and on budget.
<b>Risk implications:</b>	Yes <b>If yes, please specify:</b> Operational: Organisational: if funds not utilised or overspent could lead to reduction in future years allocations
<b>Equality and Diversity implications:</b>	No <b>If yes, please specify:</b>
<b>Consultation:</b> [staff, students, UHI & Partners, External] and provide detail	

<b>Status</b> – [Confidential/Non confidential]	Non Confidential		
<b>Freedom of Information</b> Can this paper be included in “open” business* [Yes/No]	yes		
*If a paper should <b>not</b> be included within “open” business, please highlight below the reason.			
Its disclosure would substantially prejudice a programme of research (S27)		Its disclosure would substantially prejudice the effective conduct of public affairs (S30)	
Its disclosure would substantially prejudice the commercial interests of any person or organisation (S33)		Its disclosure would constitute a breach of confidence actionable in court (S36)	
Its disclosure would constitute a breach of the Data Protection Act (S38)		Other (please give further details)	
For how long must the paper be withheld? (express either as the time which needs to pass or a condition which needs to be met.)			

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<http://www.itspublicknowledge.info/ScottishPublicAuthorities/ScottishPublicAuthorities.asp> and

[http://www.itspublicknowledge.info/web/FILES/Public\\_Interest\\_Test.pdf](http://www.itspublicknowledge.info/web/FILES/Public_Interest_Test.pdf)

## Capital Plan 2019/20

### Executive summary

The committee are asked to discuss the capital expenditure plan for 2019/20.

### Capital Funding Allocations 2019/20

#### FE Capital

This capital allocation would normally be split between revenue maintenance and capital for works and/or equipment. In 2018/19 £70,000 was allocated to revenue maintenance and £63,940 for capital expenditure.

Due to the reduction in the 2019/20 capital allocation to Inverness amounting to a total of £72,943 for FE, it was agreed that this would be wholly allocated to revenue maintenance.

#### HE Capital

The HE capital funding allocated to UHI comprises two elements of capital maintenance grant, and research capital from the Department of Business Innovation and Skills (BIS). The main HE capital allocation can only be applied to buildings works and cannot be used, for example, to purchase equipment. However the BIS element can be used on either buildings or equipment provided it is connected to research.

The allocation of the capital maintenance grant to academic partners for 2019/20 is allocated on the basis of student activity measured by FTEs taken from the 2018/19 mid-year student FTEs. The 2019/20 capital maintenance allocation for Inverness College UHI is £170,979 (2018/19 £187,412). The BIS allocation for Inverness College has been confirmed as £12,378.

At a recent UHI Finance Directors Practitioners Group (FDPG), there was discussion about amending some of the BIS allocations as the amount awarded to some partners is at too low a level (eg £2,969) to be of any reasonable use. It was agreed that it may be possible to reallocate between capital maintenance and BIS provided that the total funding for each partner remained the same.



**Capital Plan 2019/20**

There are a number of projects, listed below, at differing stages. In addition, we are assessing whether any of our planned works are suitable for classification as capital.

- Bike shed over cladding, plinth and install. Shed has already been purchased and planning approved. Additional cladding is part of planning requirements. Scope of work being drawn up for costing.
- Electric car charge points two locations Car park 1 and goods yard for future college fleet. Both are awaiting costings from GTFM under ACN system.
- Room lay-out modification to increase class size to staff ratio. 2 rooms identified. Awaiting costs from GTFM under ACN system. Main campus only.
- Disability welfare facility review. Modification of existing disabled facility to allow care multiple worker support. Awaiting costs from GTFM under ACN system.
- SSF E block room modification to convert bike maintenance area to office / classroom space. Scope to be developed.
- Tractor shed welfare facility upgrade.
- An Lochran creation of wet lab facility to support eDNA testing.

## Board of Management

<b>Subject/Title:</b>	Finance System Update
<b>Author:</b> [Name and Job title]	Fiona Mustarde, Director of Finance
<b>Meeting:</b>	Finance & General Purposes
<b>Meeting Date:</b>	26 September 2019
<b>Date Paper prepared:</b>	16 September 2019
<b>Brief Summary of the paper:</b>	To update the committee on the current status of the Inverness College finance system.
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	Noting
<b>Link to Strategy:</b> Please highlight how the paper links to, or assists with:: <ul style="list-style-type: none"> <li>• compliance</li> <li>• partnership services</li> <li>• risk management</li> <li>• strategic plan</li> <li>• new opportunity/change</li> </ul>	Compliance – Cyber Essentials security Risk management – provides mitigation for financial risks through improved system and processes and better information Strategic plan – supports the college towards financial sustainability
<b>Resource implications:</b>	Yes <b>If yes, please specify:</b> Approximately £30k consultancy to implement, staff time
<b>Risk implications:</b>	Yes <b>If yes, please specify:</b> Operational: error rate through manual processes, low quality data without new system Organisational: current system significant barrier to effective financial management
<b>Equality and Diversity implications:</b>	No <b>If yes, please specify:</b>
<b>Consultation:</b> [staff, students, UHI & Partners, External] and provide detail	N/A

<b>Status</b> – [Confidential/Non confidential]	Confidential		
<b>Freedom of Information</b> Can this paper be included in “open” business* [Yes/No]	No		
*If a paper should <b>not</b> be included within “open” business, please highlight below the reason.			
Its disclosure would substantially prejudice a programme of research (S27)		Its disclosure would substantially prejudice the effective conduct of public affairs (S30)	
Its disclosure would substantially prejudice the commercial interests of any person or organisation (S33)	X	Its disclosure would constitute a breach of confidence actionable in court (S36)	
Its disclosure would constitute a breach of the Data Protection Act (S38)		Other (please give further details)	
For how long must the paper be withheld? (express either as the time which needs to pass or a condition which needs to be met.)			

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## Board of Management

<b>Subject/Title:</b>	Finance Strategy Review of Progress
<b>Author:</b> [Name and Job title]	Fiona Mustarde, Director of Finance
<b>Meeting:</b>	Finance and General Purposes Committee
<b>Meeting Date:</b>	26 September 2019
<b>Date Paper prepared:</b>	20 September 2019
<b>Brief Summary of the paper:</b>	This report is to provide a brief summary of progress against the Finance Strategy actions identified earlier in the year. A detailed report will be provided for the full Board meeting in October 2019.
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	Discussion
<b>Link to Strategy:</b> Please highlight how the paper links to, or assists with:: <ul style="list-style-type: none"> <li>• compliance</li> <li>• partnership services</li> <li>• risk management</li> <li>• strategic plan</li> <li>• new opportunity/change</li> </ul>	Finance Strategy
<b>Resource implications:</b>	Yes / No <b>If yes, please specify:</b>
<b>Risk implications:</b>	Yes / No <b>If yes, please specify:</b> Operational: Organisational:
<b>Equality and Diversity implications:</b>	Yes/No <b>If yes, please specify:</b>
<b>Consultation:</b> [staff, students, UHI & Partners, External] and provide detail	

<b>Status</b> – [Confidential/Non confidential]	Non confidential		
<b>Freedom of Information</b> Can this paper be included in “open” business* [Yes/No]	Yes		
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## Finance Strategy Review of Progress

### Executive summary

After much consideration and extensive discussion, the Finance Strategy for Inverness College UHI was approved at the Board of Management meeting on 21 March 2019. As part of the work undertaken prior to the approval of the strategy, various work streams and areas for focus were identified for action.

### Finance Strategy Principles

A number of principles were recognised as critical to success as follows:

- curriculum offer
- integrated reporting
- increased non-SFC income streams
- increased full fee paying student numbers
- engagement with UHI
- staff engagement with effective procurement

These principles then informed the development of financial priorities:

- full cost student activity
- diversified income
- research and innovation
- resource optimisation and efficiency
- UHI funding methodology, service and support

### Full Cost Student Activity

Recruitment of full fee paying students continues to be immensely challenging with no growth realised for 2019/20. In recognition of this, income projections in the plan are amended downwards.

### Diversified Income

The income stream in respect of direct contracting with SDS for construction apprenticeships has now been quantified. Dialogue continues with other managing agents for apprenticeships to shape future contracts.

### Research and Innovation

The College is moving forward with a 3 year Knowledge Transfer Partnership (KTP) project with the National Trust for Scotland. Work is underway to clearly specify enhancements required to supplement lab facilities at An Lochran.

**Resource Optimisation and Efficiency**

Non-pay expenditure budgets have been reduced by 3%. Teaching managers have received procurement training and further financial will follow and be made available to all budget holders.

Extensive scrutiny is taking place on teaching staff workload analysis relative to student numbers.

Provision in Aviemore has been withdrawn and will not be reinstated without a strong business case evidencing viability.

Operating hours at Inverness campus have been reduced with evening activity condensed into two evenings per week.

**UHI Funding Methodology, Service and Support**

The proposed actions by Inverness College to address financial concerns associated with the micro-RAM has led to dialogue with senior University management. A commitment has been given to undertake a strategic review of the funding model in recognition of the partnership having outgrown the current model.

## Board of Management

<b>Subject/Title:</b>	Business Development Update including CITB Update
<b>Author:</b>	Georgina Parker, Director of External Relations
<b>Meeting:</b>	Finance & General Purposes Committee
<b>Meeting Date:</b>	26 September 2019
<b>Date Paper prepared:</b>	20 September 2019
<b>Brief Summary of the paper:</b>	<ul style="list-style-type: none"> <li>• CITB Framework Agreement and CITB call off contract for 2018/19 was signed on 31/7/2019 to secure 2018/19 income</li> <li>• The vast majority of former CITB Modern Apprentices in years 1-3 have been transferred to the UHI direct contract</li> <li>• See section X for financial forecast summary</li> <li>• Modern Apprenticeships in learning have increased to 298 at period 1 19/20 against 212 at period 1 in 2017-18</li> <li>• FWDF starts for 2018/19 continue until end September 2019, total value estimated at £420K plus (£54K) paid in 2018/19 for 271/17 delivery.</li> <li>• Short Course income for 2018/19 was £265K.</li> <li>• Recruitment for an associate to deliver the first ICUHI KTP commenced.</li> <li>• The commercial Food &amp; Beverage service made a small contribution to overhead in 2018/19 of £15K, following action to reduce the losses incurred in the last 2 years.</li> </ul>
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	That the board notes the performance report for 2018/19 and the outcome of the CITB contract
<b>Link to Strategy:</b> Please highlight how the paper links to, or assists with:: <ul style="list-style-type: none"> <li>• compliance</li> <li>• partnership services</li> <li>• risk management</li> <li>• strategic plan</li> <li>• new opportunity/change</li> </ul>	Compliance: <ul style="list-style-type: none"> <li>• SDS audit</li> <li>• SFC audit</li> </ul> New opportunity: <ul style="list-style-type: none"> <li>• Additional FWDF funding 2019/20</li> <li>• Further growth in Modern Apprenticeship contract</li> <li>• CITB Apprenticeship recruitment</li> <li>• AMCF and CITB bids for funding</li> </ul> Risk Management: <ul style="list-style-type: none"> <li>• Apprenticeship funding from SDS post-Brexit</li> </ul>
<b>Resource implications:</b>	Yes / No <b>If yes, please specify:</b>
<b>Risk implications:</b>	Yes / No <b>If yes, please specify:</b> Operational: <ul style="list-style-type: none"> <li>• Failure to resource FWDF funded courses</li> </ul>



	Organisational: <ul style="list-style-type: none"> <li>Reputational risk associated with CITB MAs requiring assessment.</li> </ul> Financial: <ul style="list-style-type: none"> <li>Credits associated with CITB MAs</li> </ul>		
<b>Equality and Diversity implications:</b>	Yes/No If yes, please specify:		
<b>Consultation:</b> [staff, students, UHI & Partners, External] and provide detail	n/a		
<b>Status</b> – [Confidential/Non confidential]	Commercially confidential		
<b>Freedom of Information</b> Can this paper be included in “open” business* [Yes/No]	Yes		
*If a paper should <b>not</b> be included within “open” business, please highlight below the reason.			
Its disclosure would substantially prejudice a programme of research (S27)	<table border="1"> <tr> <td>Its disclosure would substantially prejudice the effective conduct of public affairs (S30)</td> <td></td> </tr> </table>	Its disclosure would substantially prejudice the effective conduct of public affairs (S30)	
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Its disclosure would constitute a breach of the Data Protection Act (S38)	<table border="1"> <tr> <td>Other (please give further details)</td> <td></td> </tr> </table>	Other (please give further details)	
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For how long must the paper be withheld? (express either as the time which needs to pass or a condition which needs to be met.)			

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## Board of Management

<b>Subject/Title:</b>	Update on Accounts and External Audit Process 2018/19
<b>Author:</b> [Name and Job title]	Fiona Mustarde, Director of Finance
<b>Meeting:</b>	Finance and General Purposes Committee
<b>Meeting Date:</b>	26 September 2019
<b>Date Paper prepared:</b>	16 September 2019
<b>Brief Summary of the paper:</b>	To provide the committee with an update on the final accounts and external audit process for the 2018/19 financial year.
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	<b>Noting</b>
<b>Link to Strategy:</b> Please highlight how the paper links to, or assists with:: <ul style="list-style-type: none"> <li>• compliance</li> <li>• partnership services</li> <li>• risk management</li> <li>• strategic plan</li> <li>• new opportunity/change</li> </ul>	
<b>Resource implications:</b>	Yes <b>If yes, please specify:</b>
<b>Risk implications:</b>	Yes <b>If yes, please specify:</b> Operational: delays in completion could impact on ability of auditors to complete in time Organisational: requirement for audited signed accounts to be sent to SFC and Audit General for Scotland by 31 December 2019.
<b>Equality and Diversity implications:</b>	No <b>If yes, please specify:</b>
<b>Consultation:</b> [staff, students, UHI & Partners, External] and provide detail	

<b>Status</b> – [Confidential/Non confidential]	Non Confidential		
<b>Freedom of Information</b> Can this paper be included in “open” business* [Yes/No]	yes		
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## Final Accounts and External Audit Process 2018/19

### Executive summary

The committee are asked to note the report.

### Background

The College financial year runs from 1 August to 31 July. Each year the Scottish Funding Council (SFC) provide guidance on completion of the annual accounts which also stipulates the date by which the signed report and accounts must be returned, normally 31 December. Colleges are required to ensure that processes are in place to ensure that the final report and accounts are fully audited and approved by College Boards of Management in time to meet this deadline.

Colleges and universities must apply all requirements under FRS102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', relevant legislation and accounts direction from Funding Bodies applicable to the institution.

As per the SFC direction, colleges must comply with the 2015 Statement of Recommended Practice: Accounting for Further and Higher Education in preparing their annual report and accounts.

Incorporated colleges are also required to comply with the Financial Reporting Manual (FReM). There are additional disclosures required in the financial statements required by the FReM. In cases where there is conflict between the FReM & the SORP, the latter will take precedence. Some of the key disclosures colleges must include in their annual report and accounts are noted below:

- Performance report
- Remuneration and staff report
- Corporate governance report

### Timescales for 2018/19

Colleges are required to provide to the SFC a copy of their financial statements and associated audit reports by 31 December 2019. Incorporated colleges must also send two copies to the Auditor General for Scotland by this date.

These documents will be tabled at a joint Audit/Finance and General Purposes Committee meeting on Thursday 5 December 2019 for review and recommendation to the Board of Management. The Board will consider and approve the report on 17 December 2019 for signing by the Principal and Chair.

## **External Audit Work**

Audit Scotland appointed Ernst & Young as external auditors for all five of the incorporated colleges within UHI, with the 2016/17 accounts being the first year of appointment. Despite some changes within teams at both EY and the College, we have fostered an effective working relationship with EY which is well established at senior level.

An interim audit visit took place during the week of 27 May 2019. The external audit team are due on site to carry out their main fieldwork during the week commencing 7 October 2018 for a minimum of one week.

Once the initial fieldwork is complete, we will then have a follow-up meeting with the manager in charge from EY, Olga Potapova. This should take place shortly after their on-site visit to ensure that the deadline for submitting the final accounts to the joint Audit and Finance & General Purposes committee meeting on 5 December 2019 is met.

At the audit planning meeting on 2 May, it was agreed that a draft set of accounts should be available on 27 September 2019, providing EY with a full week to review prior to commencing the on-site audit visit. The team are working to this timetable but is additionally challenging due to the change in Finance Manager over the summer period.

## **Credits and Student Support Funds**

Data in respect of FE student activity (credits) and the application of student support funds requires to be audited but follows a different timeframe. The deadline for these audited returns for 2018/19 is 4 October 2019. The deadline for the Education Maintenance Allowance (EMA) audit certificate is 31 October 2019.

The College internal auditors, BDO, were on-site from 9 September to undertake the audit of both the credits and student support funds (commonly referred to as the FES audit) and the EMA audit for 2018/19.

## Board of Management

<b>Subject/Title:</b>	Revenue Budget Re-forecast 2019/20
<b>Author:</b> [Name and Job title]	Fiona Mustarde, Director of Finance
<b>Meeting:</b>	Finance and General Purposes Committee
<b>Meeting Date:</b>	19 September 2019
<b>Date Paper prepared:</b>	26 September 2019
<b>Brief Summary of the paper:</b>	To provide the committee with a re-forecast revenue budget for 2019/20, using funding information and allocations confirmed post budget approval.
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	<b>Discussion</b>
<b>Link to Strategy:</b> Please highlight how the paper links to, or assists with: <ul style="list-style-type: none"> <li>• compliance</li> <li>• partnership services</li> <li>• risk management</li> <li>• strategic plan</li> <li>• new opportunity/change</li> </ul>	
<b>Resource implications:</b>	Yes <b>If yes, please specify:</b>
<b>Risk implications:</b>	Yes <b>If yes, please specify:</b> Operational: Budget holders to be provided with realistic budgets to ensure ownership and accountability. Organisational: Failure to manage budget puts the institution at risk
<b>Equality and Diversity implications:</b>	No <b>If yes, please specify:</b>
<b>Consultation:</b> [staff, students, UHI & Partners, External] and provide detail	

<b>Status</b> – [Confidential/Non confidential]	Confidential		
<b>Freedom of Information</b> Can this paper be included in “open” business* [Yes/No]	No		
*If a paper should <b>not</b> be included within “open” business, please highlight below the reason.			
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## Board of Management

<b>Subject/Title:</b>	Campus Services Report
<b>Author:</b> [Name and Job title]	Lindsay Ferries, Director of Organisational Development
<b>Meeting:</b>	Finance and General Purposes Committee
<b>Meeting Date:</b>	6 June 2019
<b>Date Paper prepared:</b>	18 Sep 2019
<b>Brief Summary of the paper:</b>	Developments over the last quarter in relation to campus matters.
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	Noting
<b>Link to Strategy:</b> Please highlight how the paper links to, or assists with: <ul style="list-style-type: none"> <li>• compliance</li> <li>• partnership services</li> <li>• risk management</li> <li>• strategic plan</li> <li>• new opportunity/change</li> </ul>	
<b>Resource implications:</b>	Yes / No <b>If yes, please specify:</b>
<b>Risk implications:</b>	Yes / No <b>If yes, please specify:</b> Operational: Organisational:
<b>Equality and Diversity implications:</b>	Yes/No <b>If yes, please specify:</b>
<b>Consultation:</b> [staff, students, UHI & Partners, External] and provide detail	



<b>Status</b> – [Confidential/Non confidential]	Non confidential		
<b>Freedom of Information</b> Can this paper be included in “open” business* [Yes/No]	Yes		
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## Campus Services Report

### Key developments:

#### Carbon Management Plan

The carbon Management plan is developed by Inverness Campus estates team, GTFM with assistance from external resources such as The Carbon Trust.

- A number of low/no cost actions have already been implemented: - Compressed air management, none essential external lighting reduction, BMS programing changes and preventative maintenance for energy saving plan has been introduced by FM provider.
- Active travel plan for all campus users has been engaging with local providers on alternative travel systems and expansion of bike storage facilities.
- Lighting LED replacement campaign in carpark – On going GTFM

The Campus and Estates Manager and FM provider undertake a weekly site audit to monitor compliance and other opportunities. All actions are added to Estates/FM HelpDesk or Campus Technical meeting.

#### Waste Management

In July 2018 a new waste reduction initiative was launched to improve waste management. Our target by 2020, is to reduce personal waste by 10% for every student and staff member as well as achieving 95% waste recycling.

Actions:

The college has moved from 53% (Q1 2018) of wasted being recycling to 80% (Q2 2019).  
Next step-

- Northern recycling waste Audit in April 2019 has highlighted a number of further opportunities for the college to segregate their waste better. An action plan has been drawn up to close the gap.
- Main focus now is on the new academic year and preparing for student engagement during refreshers week and Green week starting 23rd September.
  - Activities range from Smoke free campus, Meat free Mondays, home energy management and active travel – bike home tour and green jog.

#### Capital Projects and Carbon Management

##### Longman demolition

All buildings at 99% demolished, site clearance ongoing.

##### 2019 Projects

ABC Garden/ Healthy Campus - Funding request ongoing.

Full architect drawings complete.

Currently planning permission for new bike storage facilities has been approved.

Fruit trees planted during staff conference and planting boxes established.

### **Classroom capacity**

Feasibility study to look at Room capacity flexibility will allow campus to improve staff to student ratio. Modification study complete and 2 rooms have been identified for detailed costings. Awaiting costings from GTFM under ACN system.

### **Carpark safety and security**

Review of different options to introduce control measures within all 4 college car parks. 6 tenders have been received for a cost natural option. Currently being evaluated joint consensus meeting planned 7<sup>th</sup> October.

Inverness Campus travel steering group has been established to review how the full campus moved forwards. The placement of a Campus travel officer is currently being reviewed. New college cycling interns starts 23<sup>rd</sup> September. They will be a key resource on this development our active travel plan.

## **Contract Management - GTFM**

On review of current performance of GTFM our Hard FM provider a number of opportunities for improvement where identified. The college has been working closely with GTFM and there has been a noticeable improvement in day to day service. To move the overall service forward we have been focusing on the following areas:-

- Helpdesk protocol agreement.  
Both parties have now sign off agreement.
- Helpdesk tickets currently reverted back to call notification to allow both parties to agree priority at point of logging. This has gone well with a reduction in deductions.
- Clarification on water risk assessment has been confirmed with SFT and review meeting was held. Interim system in-place to ensure all safeguards are maintained until resolved.

## **Contract Management – Soft FM**

Soft FM contracts are issued and managed by the estates campus team. The estates team have worked closely with the procurement team to align ongoing contractors to the national framework agreements. This has given a much more consistent approach:-

- Current Cleaning contract renewal is now complete. Pristine Ltd have been successful. Hand over procedures are now ongoing.
- Current cleaning contract provider still being heavily managed by the college estates team to achieve satisfactory standards. Site audits being undertaken in September and October prior to handover.
- New Painting contracts have been secured. Summer plans has been progressed with outstanding items being completed during October reading week.
- Catering and hair & beauty Group 2 equipment PPM contract will now have been running for 2 years at the end of the summer. Review process has been undertaken to look at improvements to service.

- Winter Gritting and snow clearing set up in October 2017. Will also be up for review later in the year.
- Waste management Contractor has been working well and has been a key member of the colleges waste reduction campaign.
- PAT testing contract awarded last year and has ran well.

### **College HelpDesk Development**

The estates service desk - new UHI developed helpdesk system launched on 17<sup>th</sup> June. Number of issues have been identified and a top 5 has been issued to UHI. Awaiting update.

### **Estates PM Schedule**

PM inspections have been well established. We are currently looking on how we transfer data to the new UHI system. On hold until Unidesk system is fully implemented.