

**Board of Management**

Meeting	Finance and General Purposes Committee
Date and time	Thursday 11 June 2020 at 9.00 a.m.
Location	Boardroom, 1 Inverness Campus

Board Secretary  
4 June 2020

**AGENDA****Welcome and Apologies****Declarations of Interest****ITEMS FOR DECISION**

- 1. MINUTES**  
Meeting of the Finance and General Purposes Committee held on 23<sup>rd</sup> April 2020
- 2. OUTSTANDING ACTIONS**  
Action List
- 3. POLICIES**
  - Sustainable Procurement Policy
  - Student Support Funds Policy
- 4. REVENUE BUDGET 2020/21 (Confidential)**  
Verbal Update on progress of 20/21 Budgets by Director of Finance
- 5. CAPITAL EXPENDITURE PLAN 2020/21 (Confidential)**  
Verbal Update on progress of 20/21 Capital Expenditure plans by Director of Finance

**ITEMS FOR DISCUSSION**

- 6. FINANCIAL RECOVERY ACTION PLAN - CONFIDENTIAL**  
Update Report by Director of Finance
- 7. FINANCE MONITORING REPORT**  
Report by Director of Finance
- 8. CAPITAL MONITORING REPORT**  
Report by Director of Finance
- 9. BUSINESS DEVELOPMENT REPORT - CONFIDENTIAL**

Report by Director of External Relations

**10. RISK REGISTER ANNUAL REVIEW**

Report by Interim Director of Finance

**11. DEBT WRITE OFF**

**12. COMMITTEE & CHAIR EVALUATION**

Report by Board Secretary

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**ITEMS FOR NOTING**

**13. GTFM REPORT (Confidential)**

Report by Director of Organisational Development

**14. ICT REPORT**

Report by ICT Services Manager

**15. ESTATES AND CAMPUS SERVICES REPORT**

Verbal Update by Director of Organisational Development

**16. INTERNAL AUDIT REPORT RECOMMENDATIONS**

**17. AOCB**

**18. DATE OF NEXT MEETING**

.....September 2020 @ 09.00

If any member wishes to add an item of business to the Agenda, please inform the Chair and the Board Secretary as soon as possible. Additional items of business will only be considered for inclusion in the agenda in advance of the start of the meeting.

## Board of Management

### MINUTES of the MEETING of the FINANCE AND GENERAL PURPOSES COMMITTEE held via Microsoft Team Video Conferencing on Thursday 23 April 2020

**PRESENT:** Andy Gray, Kelly Mackenzie, Chris O'Neil, Gavin Ross, Tom Speirs, Gillian Galloway, Donald MacKenzie

**CHAIR:** Gavin Ross

**APOLOGIES:** Leanne MacKenzie & Roddy Ferrier

**ATTENDING:** Depute Principal Planning & Student Experience  
Depute Principal Academic Development  
Interim Director of Finance  
Director of Organisational Development  
Director of External Relations  
Board Secretary

#### 1. MINUTES

The Minutes of the meeting of the Finance and General Purposes Committee held on 5 December 2019 were **ACCEPTED** as a correct record and it was **RECOMMENDED** that they be approved and signed by the Chair.

#### 2. OUTSTANDING ACTIONS

The Interim Director of Finance advised that a number of these Outstanding Actions had been moved on due to the Financial Recovery Plan:

- Finance Monitoring Report: The Finance Team have begun developing the budgets for next year and these will in time be phased down to the relevant managers.
- Debt Write Off: The Interim Director of Finance noted that a Debt Write Off Report had been circulated with the papers and was due to be discussed later within the Agenda.
- CITB: the Director of External Relations advised that all actions related to CITB have been completed.

*The Director of Organisational Development joined the meeting at this point.*

The Committee **AGREED** those actions which have been completed could be removed from the list.

#### 3. FINANCIAL RECOVERY PLAN - CONFIDENTIAL

Chris O'Neil advised the Committee that the Financial Recovery Plan had been a significant and complex piece of work which had been undertaken by all members of the SMT. Following the Extraordinary Board of Management meeting held on 12<sup>th</sup> March 2020, the Chair of the Board of Management in accordance with paragraph 2.7 of the Standing Orders put in place a process

of seeking Board approval for the Financial Recovery Plan. This Financial Recovery Plan is due to go before the Board of Management on 30 April 2020 for ratification.

An in-depth confidential discussion ensued.

#### **4. UPDATE FROM BOARD AWAY DAY - CONFIDENTIAL**

Chris O'Neil advised that within the Board Away Day held on 31<sup>st</sup> January 2020, the Board had outlined their position and concern with regards strategic development and it had been agreed that there was a need for an updated Strategic Plan. It had been our aim to align our Strategic Plan with that of UHI within the next 18 months to 2 years. Following that decision the SMT held discussions where the general view of managers was that our existing Strategic Plan was still fundamentally correct but some updating to it was required. However due to Covid-19 the Strategic Plan is on hold as it is felt we require a fresh approach for a changing period.

Discussion took place within the Committee with regards working online, flexibility of service, blended learning and the importance of maintaining dialogue with employers. The Director of Organisational Development advised that there was no guarantee of any additional funding being available due to Covid-19 and there were significant risks that budgets could worsen.

It was therefore **AGREED** that the strategy could not be updated until we have a better understanding of what the economy will be post Covid-19.

#### **5. BUSINESS DEVELOPMENT UPDATE - CONFIDENTIAL**

The Director of External Relations spoke to her report. This has been written pre-Covid-19 and she gave a verbal update post-Covid-19 to the Committee.

#### **6. FINANCE**

Financial Forecast Return Report: The Interim Director of Finance advised that the Forecast Return Report which covers January had been included in the papers and that she would give a verbal update for March 2020. As highlighted at the Board Away Day the Finance Team were not producing budget reports. This has been rectified and reports are regularly being issued. The Finance Team have almost completed finalising the March position.

Mid-Year Review: The Interim Director of Finance advised that the FFR return had been sent off on Monday as required and that she had been unable to have this available for the Committee prior to submission. The key point to take from this is that returns should be available 3 months after the audit of accounts and annual accounts have been finalised. As such it is expected that this year's audit will take place in October/early November and will not extend into December. We have now received confirmation from the Funding Council to confirm that the accounts will be going before the Scottish Government which means that we can now upload them onto our website.

March Update: The Interim Director of Finance advised that we have had reduced expenditure within transportation, utilities and postage. Some of this will have been impacted by Covid-19. The Finance Team will continue to update their forecast on an ongoing basis.

Thanks were extended to the Interim Director of Finance by the Chair for her leadership over the last few months.

Proposed Fees 2020-21 - Confidential: The Interim Director of Finance advised that this information had only just been received from UHI but that the approach remains the same as last year. As part of a benchmarking exercise carried out by the Interim Director of Finance and Roddy Ferrier it has been highlighted that some of the proposed fees were higher for North Highland College. Whilst some of the reasons behind this is expected there is room to look at this further and the SMT will be encouraged to review this prior to discussion at next week's Board of Management meeting.

## **7. CAPITAL MONITORING REPORT**

The Interim Director of Finance advised that our capital commitments have been impacted by Covid-19 which mean that not all works have been completed as planned. We have yet to hear from UHI as to the outcome if we cannot complete this work by July 2020 and whether funds will have to be repaid.

## **8. UPDATE ON APPLICATIONS TO THE SCOTTISH COLLEGES FOUNDATION**

The Interim Director of Finance advised that this report was to enable to the Committee to review the current status of approved bids to the Scottish Colleges Foundation. The Interim Director of Finance has been liaising with the senior solicitor at the foundation as it is felt that the numbers provided are vague. We have therefore gone back to them for further confirmation of these numbers. There is also the matter of a number of bids which although have been approved, parts of the funding has still not been released. A key aim will be to identify how much is currently available in the funding with the ICT Equipment Investment and Lecture Theatre AV/VC Replacement resolved. Kelly MacKenzie reported that the ICT funding for the change of room layout was no longer a requirement and would not require funding.

## **9. SPORTS PITCH - CONFIDENTIAL**

The Depute Principal - Planning and Student Experience advised that the review of the business case for the sports pitch has been updated with regards our financial position and Covid-19. Following discussion among the SMT it had been agreed that we would continue with the case and bring it to the Board of Management for them to review and agree whether to proceed or not.

After discussion it was **AGREED** that the Finance and General Purposes Committee would recommend to the Board of Management that we go ahead and fund this with the caveat that any announcement would be delayed until later in the year. Gavin Ross advised he would feed this back to the Chair of the Board of Management.

## **10. GTFM REPORT – CONFIDENTIAL**

The Director of Operational Development advised that the only issue of note is the dispute of the group 1 / group 2 asset classification and ownership and responsibility for the specialist gas manifold systems. Currently we are going through an internal resolution process.

## **11. DEBT WRITE OFF REPORT**

The Interim Director of Finance sought agreement from the Finance and General Purposes Committee to give permission to write off the debts contained within the debt write off report. The motion to do this was **AGREED**.

*Gillian Galloway left the meeting.*

## **12. ESTATE AND CAMPUS SERVICE REPORT**

The Director of Organisational Development advised that the Carbon Management Plan was utilised and that we are seeing significant benefits due to Covid-19.

Gavin Ross highlighted the importance of bi-annual checks with regards emergency lighting and that it should be mandatory that this is carried out.

## **13. AOB**

Lease Agreement – Car Park 3: The Director of Organisational Development advised that we are currently finalising a lease agreement whereby car park 3 can be used for COVID-19 testing. This lease agreement will be available for the Board to peruse at next week's Board of Management however it is expected that testing will begin at the end of this week.

*The meeting closed at 11.20 a.m.*

## **14. DATE OF NEXT MEETING**

Thursday 11 June 2020 at 9.00 a.m.

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

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

**Outstanding Actions from Finance and General Purposes Committee**

<b>Item</b>	<b>Action</b>	<b>Responsibility</b>	<b>Time Line</b>	<b>Actioned</b>
<b>23rd April 2020</b>				
ALF	The amount available within the ALF to be confirmed.	Director of Finance	June 2020	

## Finance & General Purposes Committee

<b>Subject/Title:</b>	Sustainable Procurement Policy
<b>Author:</b> [Name and Job title]	Derek Cowie, APUC Supply Chain Manager
<b>Meeting:</b>	Finance & General Purposes Committee
<b>Meeting Date:</b>	11 <sup>th</sup> June 2020
<b>Date Paper prepared:</b>	20 <sup>th</sup> May 2020
<b>Brief Summary of the paper:</b>	To inform the F&GP Committee of new Sustainable Procurement Policy.
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	F&GP Committee are asked to consider the new Sustainable Procurement Policy and approve for progression to the next stage of 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>	
<b>Resource implications:</b>	Yes / No If yes, please specify:
<b>Risk implications:</b>	Yes / No If yes, please specify: Operational: Organisational:
<b>Equality and Diversity implications:</b>	Yes/No If yes, please specify:
<b>Consultation:</b> [staff, students, UHI & Partners, External] and provide detail	
<b>Status – [Confidential/Non confidential]</b>	Non confidential
<b>Freedom of Information</b>	Yes



Can this paper be included in “open” business* [Yes/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)



## **Sustainable Procurement Policy**

**REFERENCE: PL/CS/2020/001**

**DRAFT – 17 February 2020**

Policy Owner	APUC Supply Chain Manager
Lead Officer	APUC Head of Procurement – UHI Shared Service
Review Officer	Inverness College UHI Director of Finance
Date first approved by BoM	
First Review Date	
Date review approved by BoM	
Next Review Date	
Equality impact assessment	
Further information (where relevant)	

Reviewer	Date	Review Action/Impact

## Contents

1. Policy Statement	3
2. Legislative framework/related policies	3
3. Scope	4
4. Compliance & Responsibilities	4
5. Monitoring & Reporting	5
6. Review	5

## 1. Policy Statement

Inverness College UHI is committed to collectively working to deliver value for money whilst being committed to embedding effective sustainable procurement through our supply chain.

We will comply and support the Sustainable Procurement Duty brought into force through the Procurement Reform (Scotland) Act 2014, the Modern Slavery Act 2015 and Fair Work Practices Act 2017 which will drive the college to achieve economic, social and environmental benefits not only for the college but its wider environment through its procurement activities.

Through the colleges membership of APUC (Advanced Procurement for Universities and Colleges), the sector's procurement centre of expertise and its partnership with UHI and its Academic Partners, the college will, strive to use its collaborative buying power to bring positive impacts on supply chain sustainability.

The College shall support and encourage procurement activities that will assist SMEs, third sector businesses and supported businesses to bid for contracts to sustain and grow our local economic supply chain.

## 2. Legislative framework / related policies

Legislative framework includes:

- 2.1 Procurement Reform (Scotland) Act 2014
- 2.2 Scottish Government Sustainable Procurement Duty
- 2.3 EU General Data Protection Regulation 2016/679
- 2.4 Protecting Vulnerable Groups (PVG)
- 2.5 UK Data Protection Act 2018
- 2.6 Fair Work Practices
- 2.7 Modern Slavery Act 2015
- 2.8 Criminal Finances Act 2017
- 2.9 Freedom of Information (Scotland) Act 2002
- 2.10 Public Records Scotland Act 2011

Related policies, procedures and documents include:

- 2.11 Inverness College Strategic Plan 2017-2020
- 2.12 Local Governance, Inverness College Financial Regulations
- 2.13 Inverness College Procurement Strategy 2017-2020
- 2.14 Inverness College Freedom of Information Policy
- 2.15 ICT - UHI Partnership Information Security Acceptable Use Policy
- 2.16 ICUHI Information Security Incident Management Procedure
- 2.17 ICUHI Records Management Policy (including the college Records Retention Schedule)
- 2.18 ICUHI Business Continuity Policy
- 2.19 ICUHI Secure Handling, Use, Storage and Retention of Disclosure
- 2.20 ICUHI Value for Money Policy

- 2.21 Scotland's Economic Strategy
- 2.22 National Performance Framework

### **3. Scope**

3.1 Inverness College UHI is committed through all its procurement activities to drive positive impacts on supply chain sustainability, reaching as far into its supply chain as reasonably possible.

3.2 As a member of the APUC (Advanced Procurement for Universities and Colleges), Inverness College UHI has access to the APUC developed policies and tools.

3.3 For all contracts national or local, Inverness College UHI is committed to promoting the Sustain Supply Chain Code of Conduct.

3.4 Sustainable Procurement Objectives

3.4.1 To ensure the College Sustainable Procurement Policy is promoted and embedded with College staff involved in the procurement of goods and services so they routinely consider how we can enhance and protect our shared environment, contribute to the health and well-being of society and build a sustainable economy through our procurement decisions.

3.4.2 To comply with relevant legislation (PRA, Modern Slavery, Fair Work Practices)

3.4.3 To drive forward its sustainable procurement policy in order to deliver best value for the College whilst being committed to embedding and effecting sustainable procurement. The College shall, strive to bring about positive impacts and monitor compliance of the policy.

3.4.4 Develop and deliver sustainable outputs within its supply base that support Scotland's Economic Strategy and the national Sustainable Procurement Action Plan assisting to achieve a step change on the Scottish Sustainable Procurement Flexible Framework.

Manage continuous improvements in sustainable procurement by working with the supply chain and other public body organisations.

3.4.5 Promote innovation and sustainable savings and benefits through collaboration with other UHI Academic Partners, the wider sector and other like-minded organisations. Will work in collaboration with other like-minded organisations.

### **4. Compliance including Responsibilities**

Inverness College UHI is fully committed to complying with the following.

4.1 Procurement Reform (Scotland) Act 2014, and all other related legislation.

4.2 Scottish Government Sustainable Procurement Duty.

4.3 Recording sustainability benefits (BT14) derived through tendering activity in the College Contracts Register (Hunter) in accordance with the Scottish Government Guidance Notes and Benefits Methodology.

4.4 The development and delivery of staff training on the Sustainable Procurement

- 4.5 The provision of advice & guidance to college staff at all levels the Sustainable Procurement Policy.
- 4.6 Work with the APUC and the sectors Climate Commission on Sustainable Procurement developments and changes in legislation.
- 4.7 Participate as a Member of the APUC Sustainable Procurement Leadership Group
- 4.8 The College Board of Management are responsible for the approval of the Sustainable Procurement Policy.
- 4.9 The College Senior Management Team are responsible for providing leadership and commitment to the embedding of the Sustainable Procurement Policy principles and on-going review of the Sustainable Procurement Policy.
- 4.10 The Director of Finance has strategic responsibility for Sustainable Procurement Policy.

## **5. Monitoring & Reporting**

Inverness College UHI will encourage our suppliers to work with the College to adopt sustainability improvements and innovations that go beyond contractual requirements.

- 5.1 The College will work with suppliers and contractors so that they are aware of College Sustainable Procurement Policy.
- 5.2 The College will contract manage its Contracts depending on value, criticality and risk.
- 5.3 High and Medium priority contracts will be managed through monthly/quarterly contract review meetings. Sustainability will be an agenda item.
- 5.4 Reporting will be recorded through:
  - The College Contracts Register
  - The College Annual Procurement & Value for Money Report
  - College Presentations to Management & Staff

## **6. Review**

- 6.1 The Sustainable Procurement Policy is subject to annual review.

## Finance & General Purposes Committee

<b>Subject/Title:</b>	Student Support Funds Policy and Procedure
<b>Author:</b> [Name and Job title]	Sheree Grant, Admissions and Funding Team Leader Roddy Ferrier, Director of Finance
<b>Meeting:</b>	Finance & General Purposes Committee
<b>Meeting Date:</b>	11 <sup>th</sup> June 2020
<b>Date Paper prepared:</b>	20 <sup>th</sup> May 2020
<b>Brief Summary of the paper:</b>	The Student Support Funds Policy and Procedure is part of a suite of new policy/procedures to be drafted as part of the new UHI common policy environment.
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	The F&GP Committee is asked to approve the new Student Support Funds Policy and Procedure and progress this to the next stage of 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>	
<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

## ITEM 3b

*If a paper should <b>not</b> be included within “open” business, please highlight below the reason.			
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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)	
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Highlands and Islands  
Inverness College



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Highlands and Islands  
Oilthigh na Gàidhealtachd  
agus nan Eilean

Inverness College, University of the Highlands and Islands

# Student Support Funds Policy

## POL

Lead Officer (Post):	Director of Finance
Responsible Office/ Department:	Admissions & Student Funding
Responsible Committee:	Board of Management F&GP Committee
Review Officer (Post):	Admissions and Funding Team Leader
Date policy approved:	Click or tap to enter a date.
Date policy last reviewed and updated:	Click or tap to enter a date.
Date policy due for review:	Click or tap to enter a date.
Date of Equality Impact Assessment:	Click or tap to enter a date.
Date of Privacy Impact Assessment:	Click or tap to enter a date.

This policy covers the period (date) to (date).

For all our up-to-date policies, please visit the Policy homepage on our [website](#).

Accessible versions of this policy are available upon request.

## Policy Summary

Overview	This policy is required to set out a regional approach to distribution of student support funds for (College Name) and all academic partners in the University of the Highlands and Islands.
Purpose	The policy will provide a framework for a consistent and coherent methodology for the awarding of student support funds.
Scope	This policy applies to all academic partners.
Consultation	This policy was formulated by a Policy Ownership Group, made up of practitioners from across the University of the Highlands and Islands network. Endorsement was received from Partnership Council, before the policy went through local consultation and approval by College Boards of Management and Finance and General Purpose Committee.
Implementation and Monitoring	Academic partners will be responsible for implementing and monitoring the policy. Analysis will be carried out of the policy's impact by staff from the Vice-Principal for Further Education's office.
Risk Implications	<p>The policy reduces risk for the University and academic partners by creating a streamlined process and reinforcing the existing staff community of practice.</p> <p>Students will also benefit from a consistent approach across all partners.</p>
Link with Strategy	This policy is linked to individual Access and Inclusion strategies and the Regional Outcome Agreement.
Impact Assessment	Equality Impact Assessment: June 2018 – No further action required.
	Privacy Impact Assessment: n/a

## 1. Policy Statement

1.1 The purpose of this policy is to outline the principles underpinning the College's process of assessing and distributing Student Support Funds. The overarching aim of this policy is to ensure that as many eligible students as possible have access to funds within allocated budgets.

1.2 Funds are distributed in compliance with the funding regulations as determined by the Scottish Funding Council and Student Awards Agency Scotland. Where discretion is given to the College to determine eligibility, this policy specifies the rationale applied.

## 2. Definitions

2.1 Scottish Funding Council ("SFC") - SFC is the national, strategic body that is responsible for funding teaching and learning provision, research and other activities in Scotland's colleges and universities. SFC gives funding to colleges and universities with guidance on how the funds should be distributed to students.

2.2 Student Awards Agency Scotland ("SAAS") – SAAS is an agency of the Scottish Government giving financial support to eligible students doing a course of higher education in the UK. SAAS provides the University of the Highlands and Islands with funds and guidance for distribution of the Higher Education Discretionary Fund.

2.3 For the purposes of this policy, the following terms will be used:

2.3.1 The Further Education Bursary will be referred to as the "Bursary Fund".

2.3.2 The Educational Maintenance Allowance will be referred to as the "EMA".

2.3.3 The College and University Childcare Funds will be referred to the "Childcare Funds".

2.3.4 The Further Education Discretionary Fund will be referred to as the "FE Discretionary Fund".

2.3.5 The Higher Education Discretionary Fund will be referred to the "HE Discretionary Fund".

2.4 Further Education courses are normally up to and including Level 6 on the [SCQF Framework](#). Higher Education courses are normally Level 7 and above.

## 3. Purpose

3.1 The College will utilise the current guidance to ensure fair distribution of the Student Support Funds.

3.2 The College aims to distribute Student Support Funds within the conditions of the respective national policies in a fair and consistent manner to assist students who demonstrate financial need. The College undertakes to maximise the use of available funds to ensure as many students as possible benefit through the qualifying criteria.

### 3.3 Bursary Fund

3.3.1 As defined in the current SFC guidelines, available [here](#), the Bursary Fund may be offered where the student and their course meets eligibility criteria. There is no automatic entitlement to the Bursary Fund, even where eligibility is established.

3.3.2 The Bursary Fund constitutes the following:

- Maintenance Allowance
- Dependant Allowance
- Study Expense Allowance
- Travel Expense Allowance
- Additional Support Needs for Learning Allowance

- 3.3.3 Maintenance Allowance: the College follows the SFC guidance for this element.
- 3.3.4 Dependant Allowance: the College follows the SFC guidance for this element.
- 3.3.5 Study Expense Allowance: the College follows the SFC guidance for this element.
- 3.3.6 Travel Expense Allowance
  - The College will determine the most appropriate and cost-effective route or mode of transport for Travel Expense Allowance.
  - Travel expenses will only be paid for students residing 3 miles or more from the college.
- 3.3.7 Additional Support Needs for Learning Allowance: the College follows the SFC guidance for this element.
- 3.3.8 The attendance criteria for the Bursary Fund is based on the current SFC guidance. Where the guidance calls for institutional discretion to be applied, the process to be followed is agreed regionally and is available in the Attendance Appendix.

### 3.4 EMA

As defined in the current SFC guidelines, available [here](#), the EMA provides a weekly term time allowance for students normally aged 16-19 years old inclusive from low income households who are studying non-advanced courses.

- 3.4.1 The College follows the current SFC guidance.
- 3.4.2 The attendance criteria for EMA is based on the current SFC guidance. Where the guidance calls for institutional discretion to be applied, the process to be followed is agreed regionally and is available in the Attendance Appendix.

### 3.5 Childcare Funds (Further and Higher Education)

As defined in the current national policy and guidelines, available [here](#), Childcare Funds consist of two elements to help pay for formal or registered childcare expenses: the Lone Parents Childcare Grant and the Discretionary Childcare Funds.

- 3.5.1 The College follows the current national policy and guidelines for Childcare Funds.
- 3.5.2 The College may identify certain groups as priority for allocation of the Discretionary Childcare Funds element, based on assessment of need.

### 3.6 FE Discretionary Fund

As defined in the current [SFC guidelines](#), the FE Discretionary Fund is “primarily for emergency use and instances of financial hardship”.

- 3.6.1 The College follows the current guidance, available above.
- 3.6.2 The College distributes FE Discretionary Funds within allocated budgets in response to student need and circumstances.
- 3.6.3 The FE Discretionary Fund has priority areas for including, but not limited to:
  - Housing and accommodation costs
  - Emergency aid for unforeseen and unmanageable circumstances
  - Students at risk of financial hardship due to substantially higher-than-average utility costs

### 3.7 HE Discretionary Fund

As defined in the current [SAAS guidelines](#), the HE Discretionary Fund is intended to “provide non-repayable assistance for students in financial difficulties in order for them to access and/or continue in Higher Education”.

- 3.7.1 (Partner Name) follows the current guidance, available above.

3.7.2 The college distributes HE Discretionary Funds within allocated budgets in response to student need and circumstances.

3.7.3 The HE Discretionary Fund has priority areas for including, but not limited to:

- Housing and accommodation costs
- Students experiencing excessive travel costs, e.g. where the journey is greater than a reasonable commute
- Childcare costs for part-time HE courses
- Emergency aid for unforeseen and unmanageable circumstances
- Students at risk of financial hardship due to substantially higher-than-average utility costs

### 3.8 Supporting Evidence

3.8.1 Students applying for financial support are required to produce documentary evidence in support of their application before an award can be considered.

3.8.2 Exception may be made for care experienced students who may encounter difficulty in providing documentation in support of their application, which could create or exacerbate financial hardship. In this case, confirmation of the student's circumstances from a third party agency such as the local authority Social Work department will be accepted in place of the normal supporting documentation.

### 3.9 Eligibility

3.9.1 Eligibility criteria are in line with the relevant guidance/policy for each fund.

3.9.2 In addition, all applicants for student financial support will be checked for any outstanding debt to the college. Students with outstanding debt will be required to enter into a repayment agreement before additional funds will be released.

3.9.3 Where a student's experiences an unforeseeable or unavoidable change to their circumstances during an academic year, the college may re-assess the student as appropriate.

### 3.10 Appeals and Grievances

3.10.1 Students are entitled to raise grievances related to the application of this policy and awarding of student support funds.

3.10.2 In the first instance, students should raise their grievance with college staff responsible for student support funds administration.

3.10.3 Should this not resolve the grievance, the student will be able to escalate the issue by means of an impartial review.

3.10.4 Further information is available in the accompanying Student Support Funds Procedures.

## 4. Scope

4.1 Financial support may only be offered if both the student and their course are eligible for support.

## 5. Exceptions

5.1 The policy identifies areas of discretion for colleges, and sets out priority areas for support. Ultimate authority for awarding of discretionary funds rests with the college, and decisions will be made in line with the policy and/or guidelines issued by SFC or SAAS.

5.2 As per the Education (Access Funds) (Scotland) Determination there are different arrangements for students living in the local authority areas of Orkney Islands and Shetland Islands. These students should contact the college at which they intend to study for further information.

## 6. Notification

6.1 Staff members engaging with Student Support Funds should be familiar with this policy and all relevant SFC/SAAS policies.

6.2 Annual changes to SFC/SAAS policies will be cascaded to staff by line managers and hyperlinks in the policy updated to reflect the most recent guidance.

6.3 Any changes in SFC/SAAS policy or national legislation will be reflected in this policy.

6.4 The policy will be publicly available on the College's website, along with other current policies.

## 7. Roles and Responsibilities

7.1 The College's **Director of Finance** has overall responsibility for the implementation of this policy and the management of Student Support Funds

7.2 The College's **Director of Finance** is responsible for the approval of FE Discretionary Funds and HE Discretionary Funds.

7.3 The staff administering Student Support Funds are responsible for ensuring up-to-date local policies and SFC/SAAS guidance is followed.

7.4 The **Admissions and Student Funding Team Leader** is responsible for ensuring that all enrolled students receiving EMA support have a signed Learning Agreement.

7.5 The **Admissions and Student Funding Team Leader** is responsible for ensuring that student attendance information is passed to the SITS office for recording on the College SITS system to satisfy the conditions of the Bursary or EMA award.

7.6 Students are responsible for informing the College of changes to their circumstances, including voluntary withdrawal from a course.

## 8. Related Policies, Procedures, Guidelines and Other Resources

8.1 This policy should be read in conjunction with SFC and SAAS policies and guidance. Links are provided above in Section 3.

8.2 **[Student Support Funds Procedures.](#)**

8.3 **[Further Education Fee Waiver Policy.](#)**

8.4 **[Scottish Funding Council \(SFC\) website](#)**

8.5 **[Student Awards Agency Scotland \(SAAS\) website](#)**

## 9. Version Control and Change History

Version	Date	Approved by	Amendment(s)	Author
0				
1				
2				
3				
4				

## University of the Highlands and Islands

### Student Support Funds Policy: Attendance Appendix 2019-20

#### 1. Overview

1.1 This appendix sets out the regional approach for Further Education funding attendance requirements. The guidance will be used by all colleges in the UHI partnership to ensure parity of experience for students and to limit risk for colleges.

1.2 The guidance below is based on Scottish Funding Council (SFC) [guidance](#), and adds further information for the areas where there is discretion available. The appendix fulfils the SFC [Fund Management and Audit Information](#) requirement that colleges should:

- Implement their own rules for measuring satisfactory attendance, participation and engagement
- Produce their own guidance for authorised absence
- Operate these rules and guidance consistently across the college

1.3 Attendance can be a critical part of being a student and courses are designed on the principle of students attending all classes. Attendance, punctuality and personal timekeeping are valuable transferable skills for progression in academic studies or for employment.

#### 2. Guidance

2.1 The expectation set out by the SFC is for students to attend all their classes; this will be assessed through attendance monitoring. Student attendance will be expressed as a percentage of the overall classes attended.

2.2 Examples of authorised absences identified by SFC include, but are not limited to:

- Self-certificated absence because of illness. Medical certificates should normally be submitted for illnesses lasting for more than five working days.
- Religious holidays (but not other holidays).
- Work experience placements.
- Tutor agreed exam preparation.
- Attendance at children's hearing, court, meeting related to caring responsibilities or care needs, etc.
- Unexpected caring responsibilities, either for the student's child(ren) or an adult dependant, such as the illness of a child or dependant.
- Severe weather and transport breakdown.
- Attendance at a family funeral.
- Medical or dental appointments for either the student, or a child or adult who is dependent on the student. This can include non-emergency appointments if these cannot be arranged outside college hours, although every effort should be made to avoid clashes with classes.
- Fulfilment of an official position e.g. HISA representation
- Jury duty

As soon as a student becomes aware of an absence from the criteria above they should inform relevant staff via the College's official absence reporting processes.

Levels and patterns of authorised absences will be monitored to ensure the system is not abused.

2.3 Any absence that is not considered a valid authorised absence will be recorded as an unauthorised absence.



### 2.4 Attendance Thresholds

2.4.1 Students should aim to attend 100% of their scheduled activity. Both authorised and unauthorised absences will affect a student's attendance percentage.

2.4.2 The reporting period is the duration over which attendance is calculated. The payment schedules are the frequency that payments are made for different types of support fund.

**Reporting Period:**

**Payment Schedule**

2.4.3 If attendance falls below 100% of scheduled activity for the reporting period local informal interventions may be used to engage with students in order to reinforce the benefits of attendance and help improve it.

2.4.4 If attendance falls below 85% of scheduled activity for the reporting period formal interventions will commence.

2.5 Where students have failed to maintain the required attendance threshold set out above, staff will consider whether the student has taken reasonable steps to engage with their studies.

Examples of appropriate student engagement include, but are not limited to:

- Maintaining contact with relevant college staff, explaining the reasons for absence and the steps they are taking to engage with their studies.
- Keeping up to date with learning by obtaining lecture notes, online resources or other learning materials from college staff.
- Demonstrating that they have engaged in independent study to keep up to date with their learning.
- Handing in assignments or classwork in a timely fashion, unless there are mitigating factors.
- Continuing to meet their learning objectives.
- Engaging with the college in any other way which demonstrates that they are continuing to participate in their studies.

## 3. Attendance and Engagement Support Procedures

### Stage 1

3.1 Students falling below the attendance threshold set out in 2.4 and not maintaining appropriate engagement will be contacted by staff in order to discuss strategies for improving attendance. Local systems can be used to inform this engagement. Students will be able to confidentially disclose any barriers to attendance or engagement they may be experiencing.

3.2 Students will be informed that should their attendance not improve and they are not meeting engagement requirements they are at risk of having student support funds they are eligible for reduced or withdrawn, and any overpayments reclaimed. An agreed timeframe for improvement and the student's understanding will be recorded on local systems, along with any evidence from Learner Support and Academic staff regarding attendance and engagement.

3.3 Students who do not participate in the Stage 1 process will have their funding withdrawn, and any overpayments reclaimed, if they are not achieving appropriate engagement and will be required to arrange a meeting with the appropriate members of staff in order to discuss having their funding reinstated.

### Stage 2

3.4 If attendance does not improve, or improves and then declines within the same academic year, the student will be required to attend a formal meeting and agree an Attendance and Engagement Support Plan with staff.

3.5 Students who do not participate in the Stage 2 process will have their funding withdrawn, and any overpayments reclaimed, where they are not achieving appropriate engagement and will be required to arrange a meeting with the appropriate members of staff in order to discuss having their funding reinstated.

### Stage 3

3.5 Students who have been through Stages 1 and 2 will not be invited to attend another meeting within the same academic year if issues continue or reoccur. **Instead, withdrawal or reduction of student support funds may initiate immediately if they are not achieving appropriate engagement.** The onus will then be on the student to engage with staff in order to agree a plan for improving attendance and engagement.

### Personal Learning Support Plans (PLSPs)

3.6 Where a student has complex circumstances or health issues (including mental health issues) which may impact on their attendance, the College may exercise particular flexibility with regards to attendance. The College will agree attendance and participation plans directly with the student in these circumstances and this will be reflected in the student's PLSP.

PLSPs are created in partnership with a student in response to a disclosed need. Attendance may form part of the PLSP, but issues around attendance alone would not justify the creation of a PLSP. There is local support available for students to access if they have concerns around how their personal circumstances may be affecting attendance and engagement. For further information, the local Student Support team should be contacted and the Learner Support Policy consulted.

### Legislative Responsibilities

3.7 All colleges in the UHI partnership have due regard to equalities legislation and the Children and Young People (Scotland) Act 2014 when considering the position of students with protected characteristics and care experienced students. Colleges may exercise increased flexibility when considering attendance issues for groups of students impacted by this legislation (for example Care Experienced students, Disabled students, Student Parents and those on Maternity/Paternity/Adoption leave). In addition, colleges will be mindful of their corporate parenting responsibilities under the Children and Young People (Scotland) Act 2014.

## 4. Monitoring and Changes to SFC Guidance

4.1 Colleges will utilise local means of monitoring and reporting on attendance. This information will be used as appropriate for regional level reporting and analysis.

4.2 Annual changes to SFC policy will be considered by the Student Support Funds Policy Ownership Group and any necessary amendments made to the Attendance and Engagement Appendix.

**Record of Further Education Attendance and Engagement Support**

**Record of Further Education Attendance and Engagement Support**

<b>Student Name</b>	
<b>Student Number</b>	
<b>College</b>	
<b>Staff Name</b>	
<b>Staff Position</b>	

<b>Details of Absence</b>

<b>Reasons for Absence</b>

<b>Plan and Timescale for Improving Attendance</b>

<b>Implications for Student Support Funds</b>

<b>Signed by Student / Has the student confirmed their understanding of the discussion?</b>	
<b>Staff Signature</b>	
<b>Date</b>	

<b>Subject/Title:</b>	Budget 2020-21
<b>Author:</b> [Name and Job title]	Roderick M Ferrier Director of Finance (Shared)
<b>Meeting:</b>	Finance and General Purposes Committee
<b>Meeting Date:</b>	11 June 2020
<b>Date Paper prepared:</b>	5 June 2020
<b>Brief Summary of the paper:</b>	The paper sets out progress on Budgeting for 2020-21 and financial recovery/improvement  .
<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>	Finance Risk
<b>Resource implications:</b>	Yes – staffing will be affected
<b>Risk implications:</b>	Yes / No <b>If yes, please specify:</b> Operational: Yes Organisational: Yes
<b>Equality and Diversity implications:</b>	No
<b>Consultation:</b> [staff, students, UHI & Partners, External] and provide detail	None
<b>Status – [Confidential/Non confidential]</b>	Confidential
<b>Freedom of Information</b>	No

Can this paper be included in "open" business* [Yes/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)

## Finance and General Purposes

<b>Subject/Title:</b>	Finance Monitoring Report – April 2020
<b>Author:</b> [Name and Job title]	Roderick M Ferrier, Director of Finance (Shared) Graham Nisbet, Interim Project Accountant
<b>Meeting:</b>	Finance and General Purposes Committee
<b>Meeting Date:</b>	11 June 2020
<b>Date Paper prepared:</b>	22 May 2020
<b>Brief Summary of the paper:</b>	To inform the committee of the financial position for the period to 30 April 2020.
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	Review and 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>	Yes  Compliance, risk management, strategic plan and demonstrates the requirement for change through a rest of the financial strategy, financial recovery plan and increased risks including COVID-19.
<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: cashflow 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.			
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)

## Financial Monitoring for 2019/20 for the period to 30 April 2020

### 1.0 Executive summary

The April financial position is now six weeks after COVID-19 caused the closure of the college. The impacts of this are now becoming clearer in the financial results. The financial monitoring statements for the 9 Months to April 2020 are attached.

### 2.0 Background information

The financial recovery plan including pay savings are being considered by this Committee as a separate agenda item.

### 3.0 Income and Expenditure Monitoring

The results of the financial monitoring exercise for the 9 Months to April 2020 are summarised in the table below:

<b>YEAR TO DATE</b>	<b>Actual Apr 20 £000</b>	<b>Phased Apr 20 £000</b>	<b>Variance £000</b>
Income	23,225	21,771	1,454
Expenditure	22,967	21,785	(1,182)
Net Operational Surplus / (Deficit) before Depreciation and Deferred Grant	258	(14)	272
<b>YEAR END</b>			
Income	29,284	29,043	241
Expenditure	30,386	29,042	(1,344)
Net Operational Surplus / (Deficit) before Depreciation and Deferred Grant	(1,102)	1	(1,103)

The forecast year-end position before depreciation and deferred grant and shows a forecast net deficit of £(1,102)k compared with the budget level of £1k an adverse variance of £(1,103)k. Note that these figures exclude the non-cash amounts for both depreciation and deferred grant.

The position including depreciation and deferred income is as follows:



<b>YEAR TO DATE</b>	<b>Actual Apr 20 £000</b>	<b>Phased Apr 20 £000</b>	<b>Variance £000</b>
Net Operational Surplus / (Deficit) before Depreciation and Deferred Grant	258	(14)	272
Deferred Grant	450	0	450
Depreciation	1,152	0	(1,152)
Net Operational Surplus / (Deficit) before Depreciation and Deferred Grant	(444)	(14)	(430)
<b>YEAR END</b>			
Net Operational Surplus / (Deficit) before Depreciation and Deferred Grant	(1,102)	1	(1,103)
Deferred Grant	600	0	600
Depreciation	1,536	0	(1,536)
Net Operational Surplus / (Deficit) before Depreciation and Deferred Grant	(2,038)	1	(2,039)

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 – Summary Income & Expenditure and cash flow information from April 2019 for comparison purposes, which show budget, forecast and variance.

#### 4.0 Income

The current forecast for FE activity is that the college will meet its credit target, although it remains challenging to do so. Activity is being monitored closely.

For HE activity the forecast shortfall is 84 FTE's and based on an average use of resource the allocation will be reduced by £252k and has been included in the forecast; it is possible that there will be a further reduction in the FTE's and we will keep the forecast under review.

The financial impact of the MicroRam is difficult to estimate as there is little information on performance across the partners. The forecast includes a reduction based on the advice of UHI and amounts to £650k for the year and is £319K higher than the estimated reduction included in the annual budget.

For the rest of the UK and International students there is no expectation of increased activity in this area based on the position to April 2020

The forecast for the year for SFC unitary charge funding is £4,751k and at April 2019, income is showing a shortfall of £34k.

The College requested an additional £400k of student support funding and this has been confirmed.

The budget for the year for tuition fees is £3,428K and as at April 2020, there is a favourable variance of £367k against the budget to date. This is because the majority of HE tuition fees have already been invoiced. It is advised that for next financial year that budgets are profiled to reflect the timing of anticipated funding streams and expenditure commitments. The forecast position for July 2020 is an adverse variance compared to budget of £490k as a prudent approach has been taken with forecasting limiting the forecast to the April amount given the potential impact of COVID-19.

SDS Training Contracts and FWDF are both in surplus with a significant surplus for SDS contracts forecast for the year end of £439K. This position is being closely monitored and the forecast has been recently updated to reflect the impact of COVID-19.

Other income for the 9 Months to April 2020 is a deficit of £84k with a projected deficit for the year end of £33k, this includes the ELCC which has been the subject of an ongoing review. Whilst many of the commercial revenue streams have been curtailed by COVID-19, Research has generated strong revenues although further work is needed to profile these revenues into the current and future years.

## **5.0 Expenditure**

Actual expenditure on staffing costs for the 9 Months to March 2020 is above budget by £721k. Most of the overspend is arising from staff costs and the Board is aware of the issues around the delay in implementing the savings measures, which are now being addressed.

Property costs for the 9 Months to April 2020 shows a small budget saving of £29k, which is projected to grow to £41k by year end

The unitary charge position shows a positive variance of £222k against budget year to date. Adjustments have been passed in April, improving the result by £168k reflecting underperformance by the service provider.

Transport costs for the 9 Months to April 2020 are £13k overspent, which is projected to grow to £18k overspend by year end.

Supplies and services has an adverse variance of £133k for the 9 Months to April 2020, reflecting overspends in Student Accommodation and Legal Services. The adverse variance is expected to grow further to £345k by year end. Whilst there have been projected savings in Supplies and Services due to the impact of COVID-19, this has been more than offset by the Legal Services cost relating to the water defence claim. £50k has been accrued to date and a further £250k projected in the year end forecast. The worst case scenario is that the costs could amount to £400k.

## **6.0 Cash Flow**

The opening cash balance for the year was £3,294k. The position as at April 2020 is an actual cash balance of £4,303k compared with a budgeted position of £1,743k, giving a positive variance of £2,559k.

## **7.0 Creditor Payments**

For the month of April 2020, 43% of creditor invoices were paid within 30 days. This result reflects a much lower volume of invoices than usual and the impact of the current working conditions. A chart setting out the monthly results over the past 9 months is appended. Measures have been put in place to improve performance against this target,

## **8.0 Debtors Summary**

Analysis of debtor's information shows that for April 2020, the total invoiced debt for the College is £922k. This breaks down as £609k business debt and £313k of student debt. Credit control and debt recovery measures were not in place during the first semester and it is clear from the audited annual accounts for 2018/19 that the level of debtors had increase significantly compared to previous years. These issue have adversely impacted on cash flow and measures have been put in place for improvement. The cash position is much improved.

## **9.0 Recommendation**

The Committee are requested to consider and discuss this report.

## Inverness College

## Income and Expenditure Report

Year 2019/20

Month April

		YTD			Year End		
		<u>Revised Actual</u>	<u>Budget V2</u>	<u>Variance</u>	<u>Revised Forecast</u>	<u>Budget V2</u>	<u>Revised Variance</u>
	Report Para.						
<b>Income</b>							
Funding Council Grants	5	11,166	11,015	151	14,597	14,687	(90)
Unitary Charge	6	3,574	3,608	(34)	4,751	4,811	(60)
Student Support Funds	7	2,349	1,774	575	2,801	2,365	436
Tuition Fees	8	2,938	2,571	367	2,938	3,428	(490)
SDS Training Contracts	9	1,199	822	377	1,535	1,096	439
FWDF	9	402	300	102	439	400	39
Other Income	10	1,597	1,681	(84)	2,223	2,256	(33)
		<b>23,225</b>	<b>21,771</b>	<b>1,454</b>	<b>29,284</b>	<b>29,043</b>	<b>241</b>
<b>Expenditure</b>							
Staff	11	13,125	12,404	(721)	17,475	16,553	(922)
Other Staff	11	151	181	30	202	241	39
Property	12	871	900	29	1,162	1,203	41
Unitary Charge	13	2,989	3,211	222	3,985	4,282	297
Transport	14	86	73	(13)	116	98	(18)
Supplies and Services	15	3,375	3,242	(133)	4,645	4,300	(345)
Student Support Funds		2,370	1,774	(596)	2,801	2,365	(436)
		<b>22,967</b>	<b>21,785</b>	<b>(1,182)</b>	<b>30,386</b>	<b>29,042</b>	<b>(1,344)</b>
<b>Net Operational Surplus / (Deficit) before Depreciation and Deferred Grant</b>							
		<b>258</b>	<b>(14)</b>	<b>272</b>	<b>(1,102)</b>	<b>1</b>	<b>(1,103)</b>
Deferred Grant		450	0	450	600	0	600
Depreciation		1,152	0	(1,152)	1,536	0	(1,536)
<b>Net Operational Surplus / (Deficit) after Depreciation and Deferred Grant</b>							
		<b>(444)</b>	<b>(14)</b>	<b>(430)</b>	<b>(2,038)</b>	<b>1</b>	<b>(2,039)</b>

## Inverness College

## Income and Expenditure Report

Year 2019/20

Month April

	Report Para.	<u>YTD</u> <u>Mar</u> <u>£'000</u>	<u>May</u> <u>£000s</u>	<u>June</u> <u>£000s</u>	<u>July</u> <u>£000s</u>	<u>Year End</u> <u>Forecast</u> <u>£000s</u>	<u>2019-20</u> <u>Budget</u> <u>£000s</u>	<u>Variance</u> <u>£000s</u>
<b>Income</b>								
Funding Council Grants	5	11,166	1,144	1,144	1,143	14,597	14,687	(90)
Unitary Charge	6	3,574	392	392	393	4,751	4,811	(60)
Student Support Funds	7	2,349	151	151	150	2,801	2,365	436
Tuition Fees	8	2,938	0	0	0	2,938	3,428	(490)
SDS Training Contracts	9	1,199	112	112	112	1,535	1,096	439
FWDF	9	402	12	12	13	439	400	39
Other Income	10	1,597	209	209	208	2,223	2,256	(33)
		<b>23,225</b>	<b>2,020</b>	<b>2,020</b>	<b>2,019</b>	<b>29,284</b>	<b>29,043</b>	<b>241</b>
<b>Expenditure</b>								
Staff	11	13,125	1,450	1,450	1,450	17,475	16,492	(983)
Other Staff	11	151	17	17	17	202	303	101
Property	12	871	97	97	97	1,162	1,203	41
Unitary Charge	13	2,989	332	332	332	3,985	4,282	297
Transport	14	86	10	10	10	116	98	(18)
Supplies and Services	15	3,375	423	423	424	4,645	4,300	(345)
Student Support Funds		2,370	144	144	143	2,801	2,365	(436)
		<b>22,967</b>	<b>2,473</b>	<b>2,473</b>	<b>2,473</b>	<b>30,386</b>	<b>29,043</b>	<b>(1,343)</b>
<b>Net Operational Surplus / (Deficit) before Depreciation and Deferred Grant</b>								
		258	(453)	(453)	(454)	(1,102)	(0)	(1,102)
Deferred Grant		450	50	50	50	600	0	600
Depreciation		1,152	128	128	128	1,536	0	(1,536)
<b>Net Operational Surplus / (Deficit) after Depreciation and Deferred Grant</b>								
		(444)	(531)	(531)	(532)	(2,038)	(0)	(2,038)

## Cash Flow Analysis

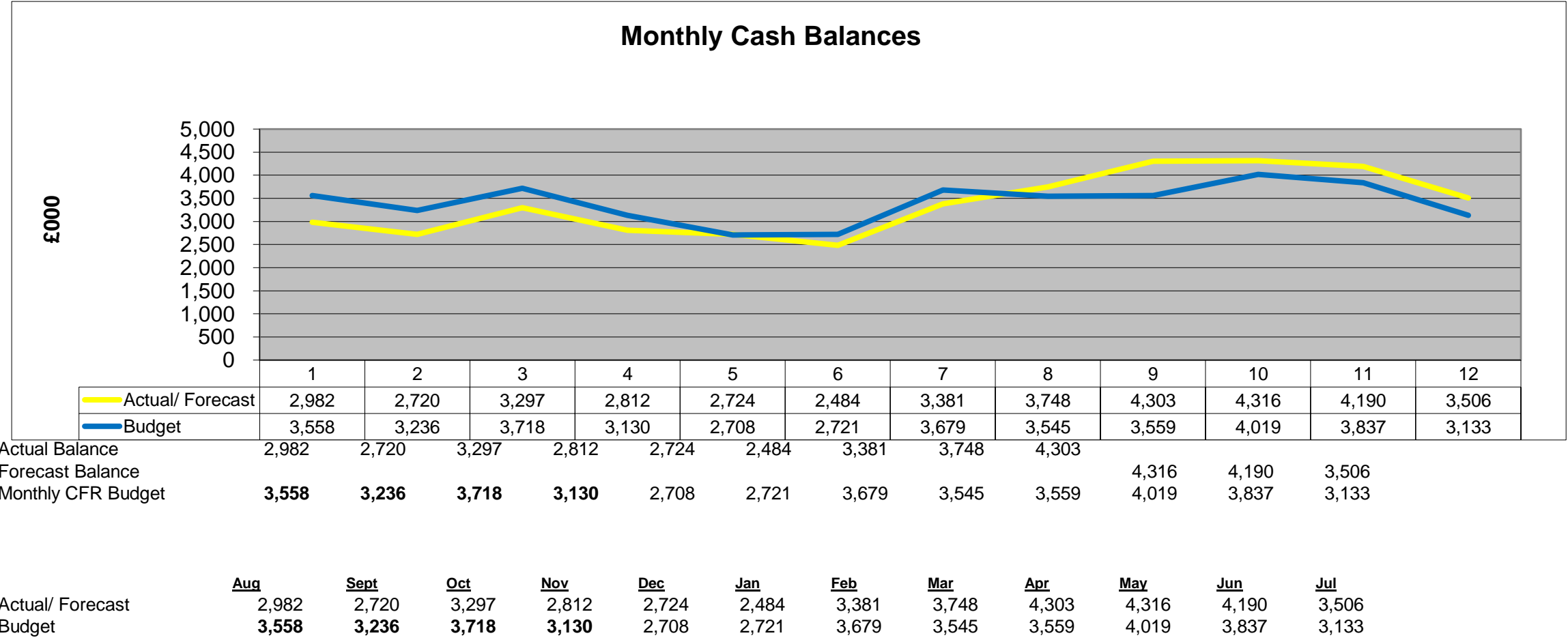
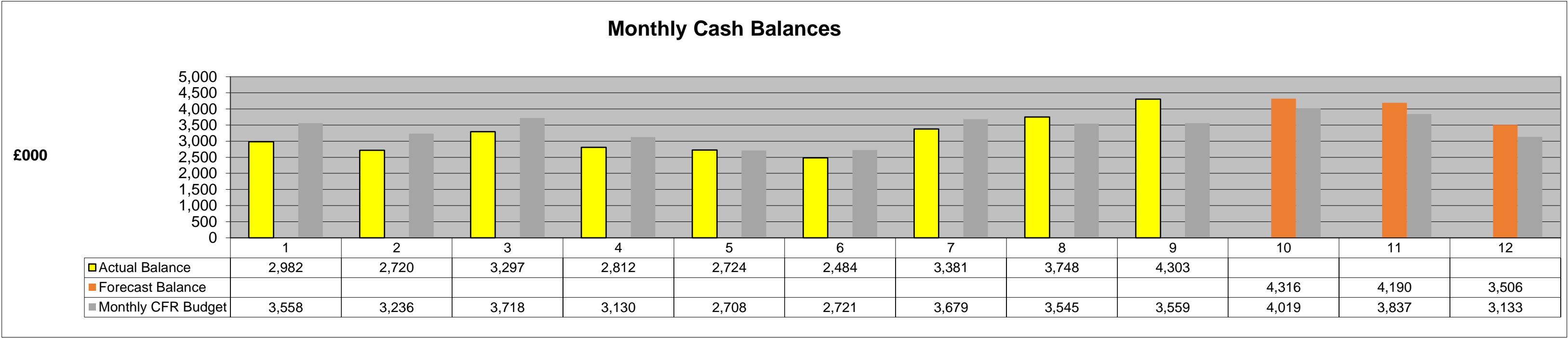
Year 2019/20

Month April

	YTD			Year End		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Forecast</u>	<u>Budget</u>	<u>Variance</u>
<b>Income</b>						
SFC Funding	11,240,872	10,624,067	616,805	15,076,388	14,165,423	910,965
UHI HE Funding	3,446,529	3,191,055	255,474	4,247,056	4,254,740	(7,683)
Student Support Funds	2,131,780	1,773,775	358,005	2,702,112	2,365,033	337,079
Other Revenue Income	6,852,034	5,217,008	1,635,026	7,842,034	6,956,011	886,023
Other Capital Income	4,299	137,518	(133,219)	4,299	183,357	(179,058)
Foundation Revenue Income	38,594	0	38,594	110,000	0	110,000
Foundation Capital Income	768,384	403,300	365,084	768,384	537,733	230,651
EMA Funding	74,010	67,759	6,251	95,535	90,345	5,190
	<u>24,556,501</u>	<u>21,414,481</u>	<u>3,142,020</u>	<u>30,845,808</u>	<u>28,552,641</u>	<u>2,293,168</u>
<b>Expenditure</b>						
Salaries Total	12,903,175	12,649,862	253,313	17,253,175	16,866,482	(386,692)
Other operating expenditure	4,095,757	4,370,007	(274,250)	5,070,757	5,826,676	755,919
NPD unitary charges	3,783,500	3,844,611	(61,111)	5,067,285	5,126,148	58,863
EMA Student Maintenance	76,410	72,405	4,005	90,870	96,540	5,670
Student Support	2,098,514	1,820,543	277,970	2,557,108	2,427,391	(129,717)
SFC Capital - Demolition	565,130	0	565,130	565,130	0	(565,130)
SFC Capital - Land	0	67,071	(67,071)	0	89,428	89,428
SFC Capital - buildings	0	3,224	(3,224)	4,299	4,299	0
SFC Capital - fixtures and fittings	0	0	0	0	0	0
SFC Capital - ICT	0	0	0	0	0	0
Other capital expenditure	25,414	137,518	(112,104)	25,414	183,357	157,943
Surrender of proceeds	0	0	0	0	0	0
	<u>23,547,899</u>	<u>22,965,241</u>	<u>582,658</u>	<u>30,634,037</u>	<u>30,620,321</u>	<u>(13,716)</u>
<b>Net Income (Expenditure)</b>	<u>1,008,602</u>	<u>(1,550,760)</u>	<u>2,559,362</u>	<u>211,771</u>	<u>(2,067,680)</u>	<u>2,279,452</u>
<b>Opening Bank Balance</b>	3,294,230	3,294,230	0	3,294,230	3,294,230	0
<b>Closing Bank Balance</b>	<u>4,302,833</u>	<u>1,743,470</u>	<u>2,559,362</u>	<u>3,506,001</u>	<u>1,226,550</u>	<u>2,279,452</u>

Cashflow

Year 2019/20  
Month April



INVERNESS COLLEGE

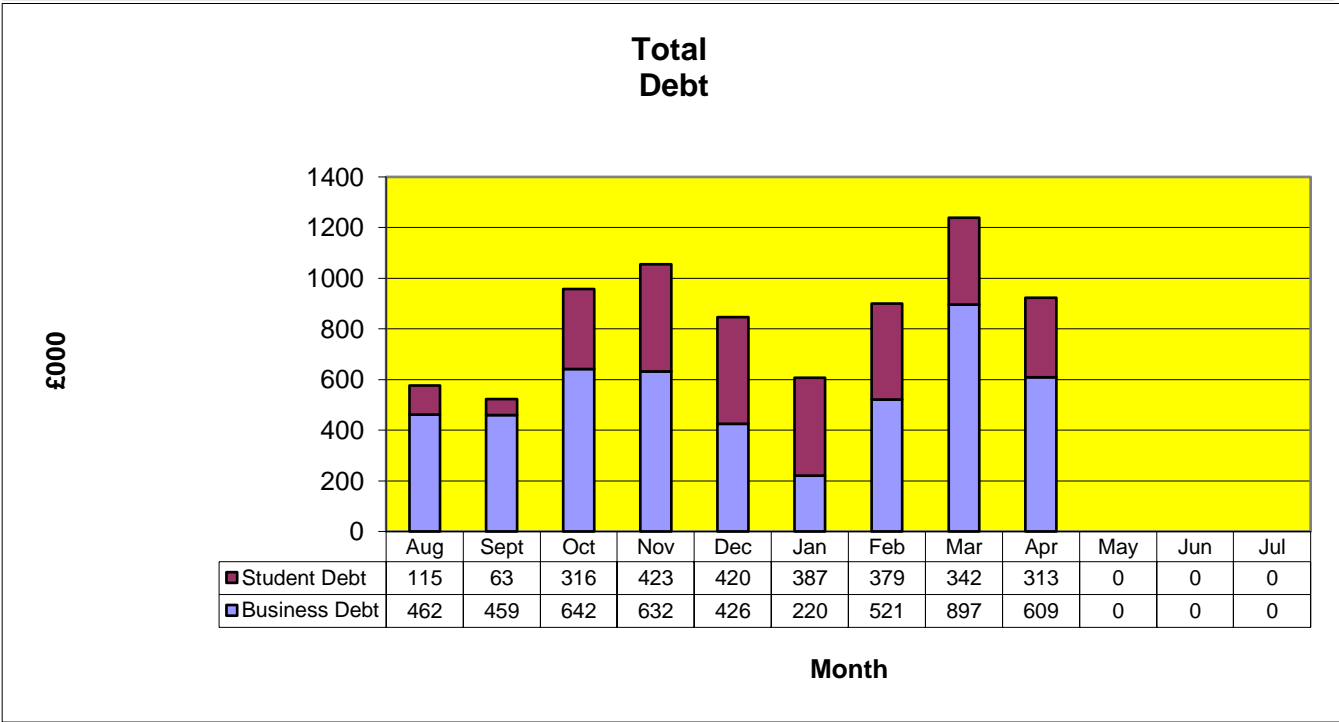
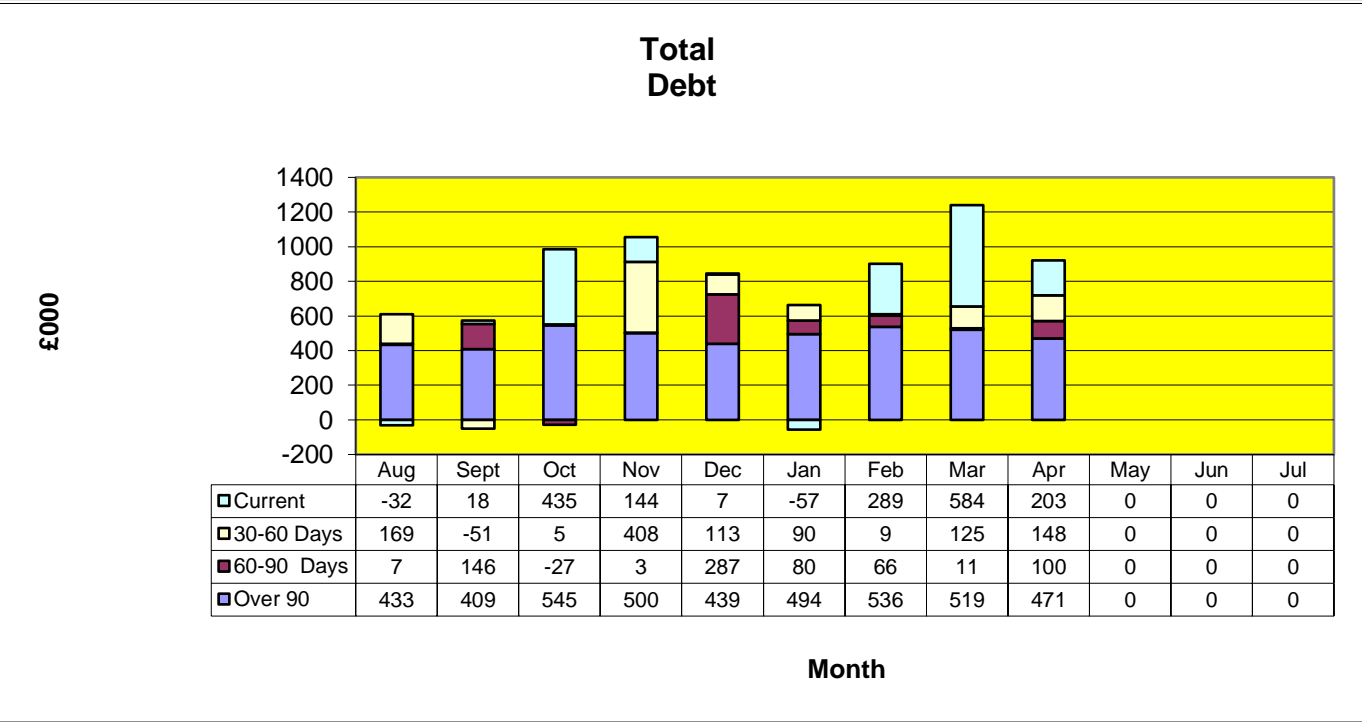
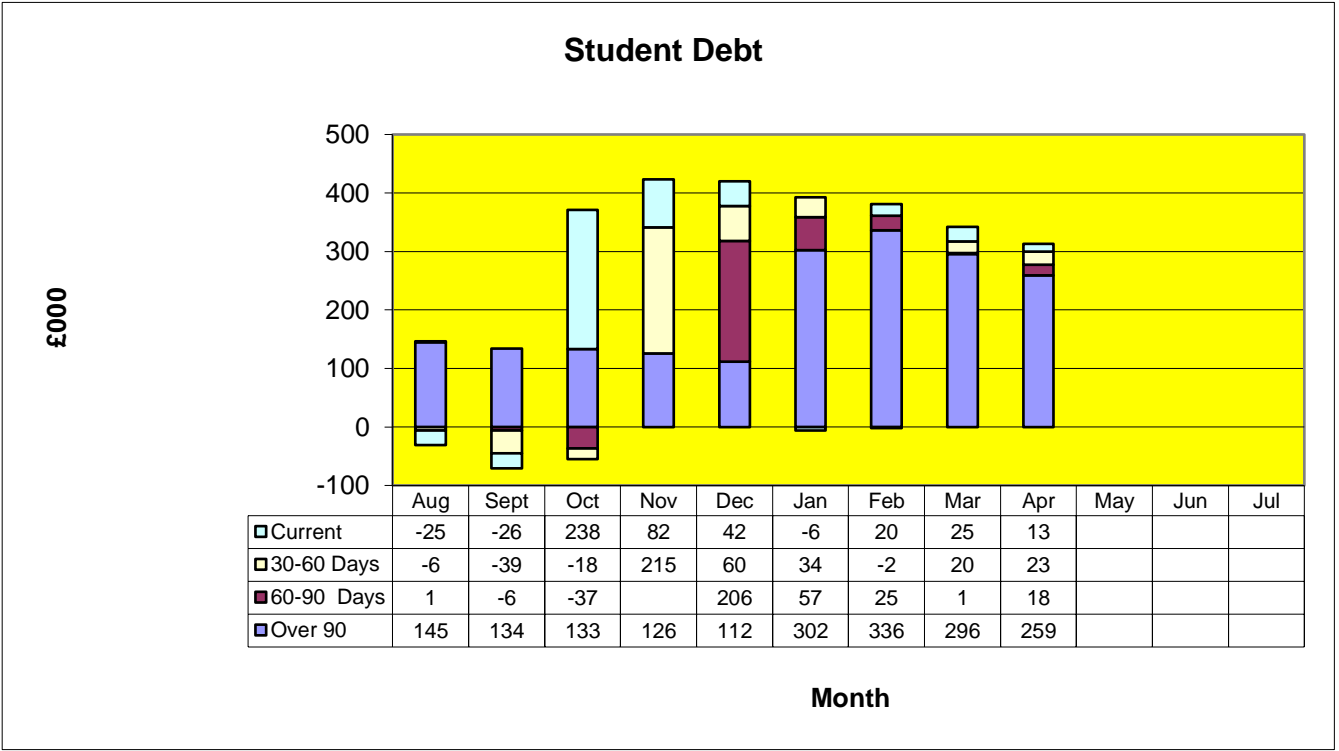
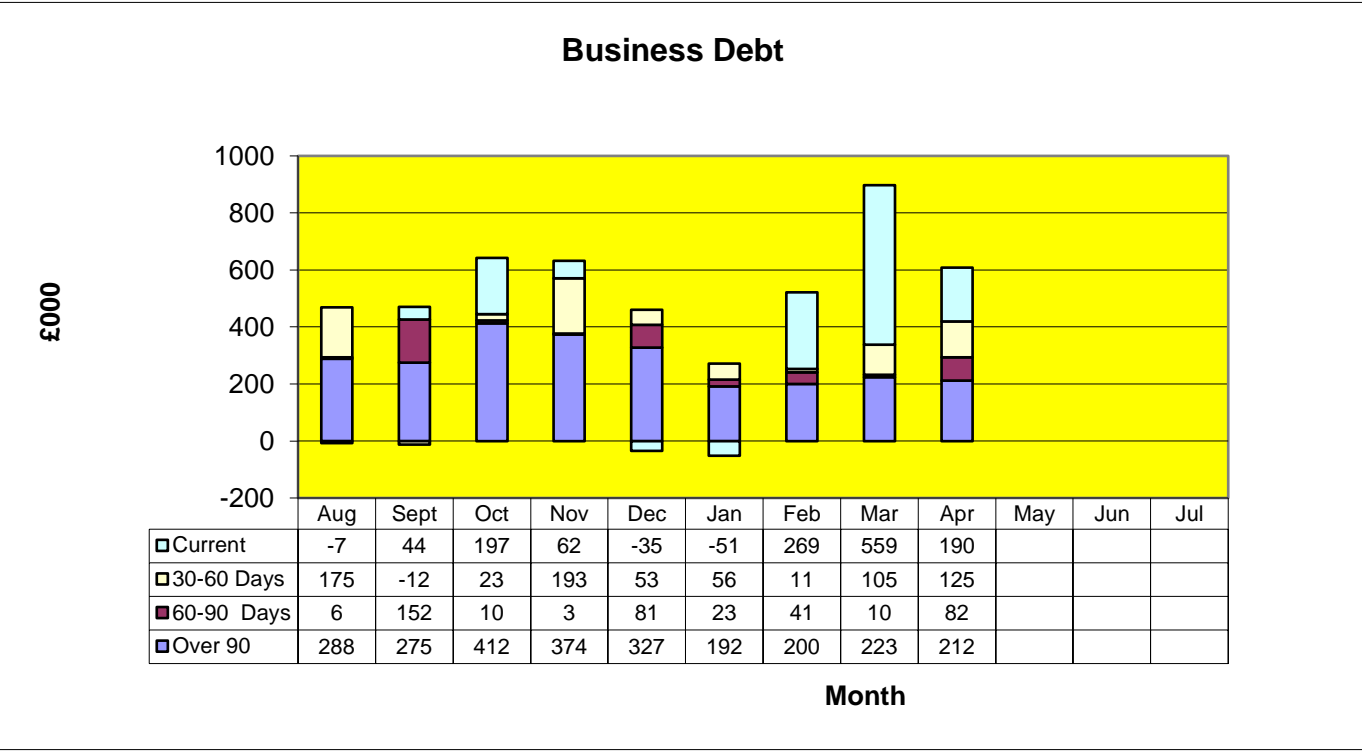
FORECAST CASH FLOW - 12 MONTHS - AUGUST 2019 TO JULY 2020

	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	2018/19	2018/19		ACTUALS	BUDGET YTD
	AUGUST	SEPT	OCT	NOV.	DEC	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	TOTAL	CFR Budget	Variance	TOTAL YTD	TOTAL
OPENING BALANCE	3,294,230	2,982,274	2,720,063	3,296,853	2,811,737	2,723,748	2,483,865	3,380,584	3,747,643	4,302,833	4,316,148	4,190,277	3,294,230	3,294,230	0	3,294,230	3,294,230
INCOME																	
SFC Funding (incl Longman*)	1,091,410	1,411,031	1,404,410	1,349,645	1,543,026	1,293,567	453,316	1,428,057	1,266,410	1,432,696	1,211,196	1,191,624	15,076,388	14,165,423	910,965	11,240,872	10,624,067
UHI HE Funding	85,191	343,192	404,288	402,706	402,706	384,225	544,053	399,515	480,653	406,438	393,383	707	4,247,056	4,254,740	-7,683	3,446,529	3,191,055
Student Support Funds	-	150,000	350,000	250,000	200,000	200,000	250,000	431,780	300,000	300,000	270,332	-	2,702,112	2,365,033	337,079	2,131,780	1,773,775
Other Revenue Income	409,437	345,735	732,216	544,213	338,456	767,756	2,266,288	675,389	772,545	350,000	340,000	300,000	7,842,034	6,956,011	886,023	6,852,034	5,217,008
Other Capital Income	-	-	-	-	-	-	-	4,299	-	-	-	-	4,299	183,357	-179,058	4,299	137,518
Foundation Revenue Income	-	-	-	-	-	-	-	-	38,594	71,406	-	-	110,000	-	110,000	38,594	-
Foundation Capital Income	537,733	-	230,651	-	-	-	-	-	-	-	-	-	768,384	537,733	230,651	768,384	403,300
EMA Funding	2,805	-	4,680	12,900	7,470	9,090	11,955	25,110	-	2,725	9,540	9,260	95,535	90,345	5,190	74,010	67,759
TOTAL INCOME	2,126,575	2,249,957	3,126,245	2,559,464	2,491,658	2,654,638	3,525,612	2,964,150	2,858,202	2,563,265	2,224,451	1,501,591	30,845,808	28,552,641	2,293,167	24,556,501	21,414,481
EXPENDITURE																	
Salaries Total	1,469,321	1,354,642	1,409,084	1,421,337	1,459,348	1,451,473	1,434,694	1,444,598	1,458,677	1,450,000	1,450,000	1,450,000	17,253,175	16,866,482	-386,692	12,903,175	12,649,862
Other operating expenditure	460,674	459,400	428,158	666,510	423,847	524,246	480,360	460,519	192,043	400,000	300,000	275,000	5,070,757	5,826,676	755,919	4,095,757	4,370,007
NPD unitary charges	419,110	421,680	421,158	421,166	422,187	421,046	422,328	417,272	417,554	433,307	425,239	425,239	5,067,285	5,126,148	58,863	3,783,500	3,844,611
EMA Student Maintenance	-	4,680	12,900	7,440	9,180	10,140	10,050	14,550	7,470	2,710	9,260	2,490	90,870	96,540	5,670	76,410	72,405
Student Support	-	204,317	278,155	269,564	265,085	337,926	265,289	260,152	218,026	259,634	165,823	33,137	2,557,108	2,427,391	-129,717	2,098,514	1,820,543
SFC Capital - Demolition	89,428	67,448	-	258,564	-	149,690	-	-	-	-	-	-	565,130	-	-565,130	565,130	-
SFC Capital - Land	-	-	-	-	-	-	-	-	-	-	-	-	-	89,428	89,428	-	67,071
SFC Capital - buildings	-	-	-	-	-	-	-	-	-	4,299	-	-	4,299	4,299	0	-	3,224
SFC Capital - fixtures and fittings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-	-
SFC Capital - ICT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-	-
Other capital expenditure	-	-	-	-	-	-	16,172	-	9,242	-	-	-	25,414	183,357	157,943	25,414	137,518
Surrender of proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-	-
Bank Interest Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-	-
TOTAL EXPENDITURE	2,438,532	2,512,168	2,549,455	3,044,580	2,579,647	2,894,521	2,628,893	2,597,091	2,303,012	2,549,950	2,350,322	2,185,866	30,634,037	30,620,321	-13,716	23,547,899	22,965,241
Actual Monthly Movement	(311,957)	(262,210)	576,790	(485,117)	(87,989)	(239,883)	896,719	367,059	555,190	13,315	(125,871)	(684,275)	211,771	(2,067,680)	2,279,451	1,008,602	- 1,550,760
Budget Monthly Movement																	
CLOSING BALANCE	2,982,274	2,720,063	3,296,853	2,811,737	2,723,748	2,483,865	3,380,584	3,747,643	4,302,833	4,316,148	4,190,277	3,506,001	3,506,001	1,226,551	2,279,451	4,302,833	1,743,470

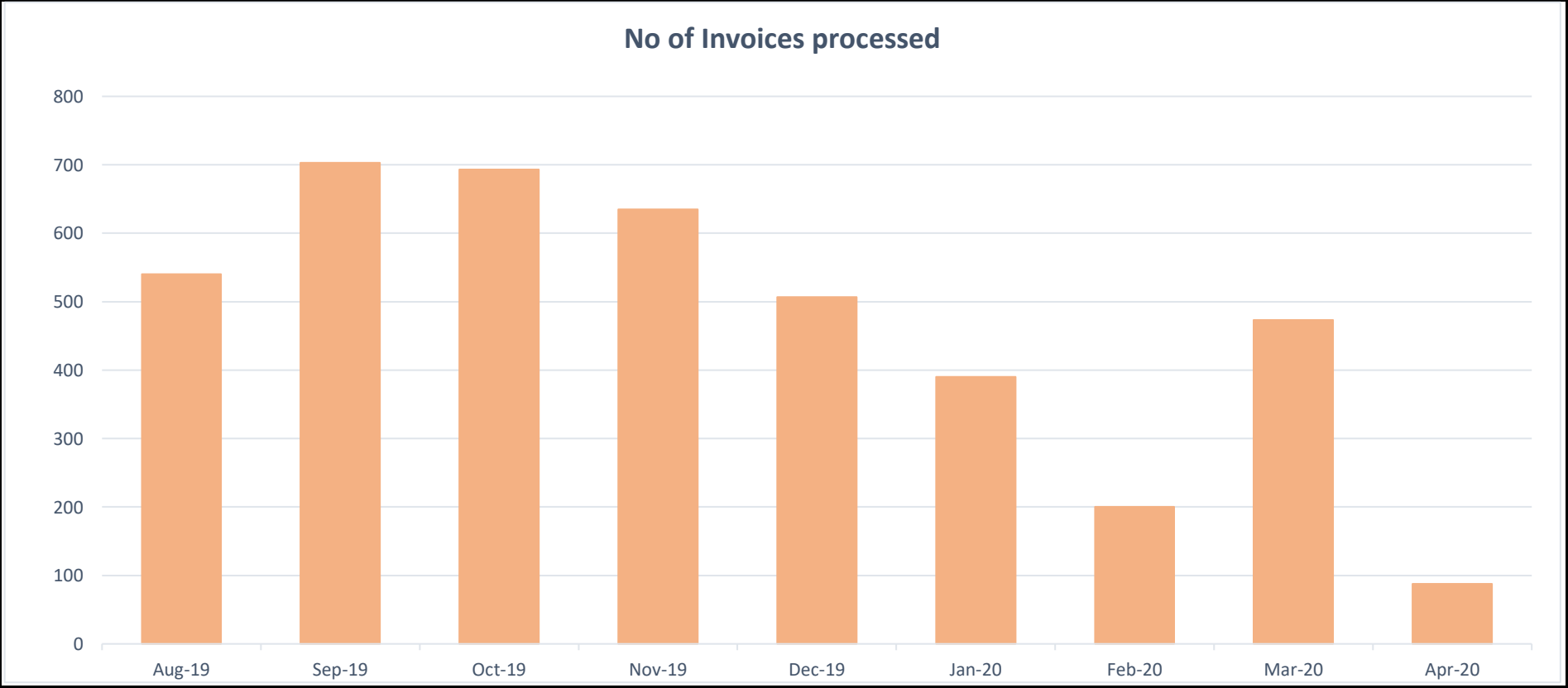
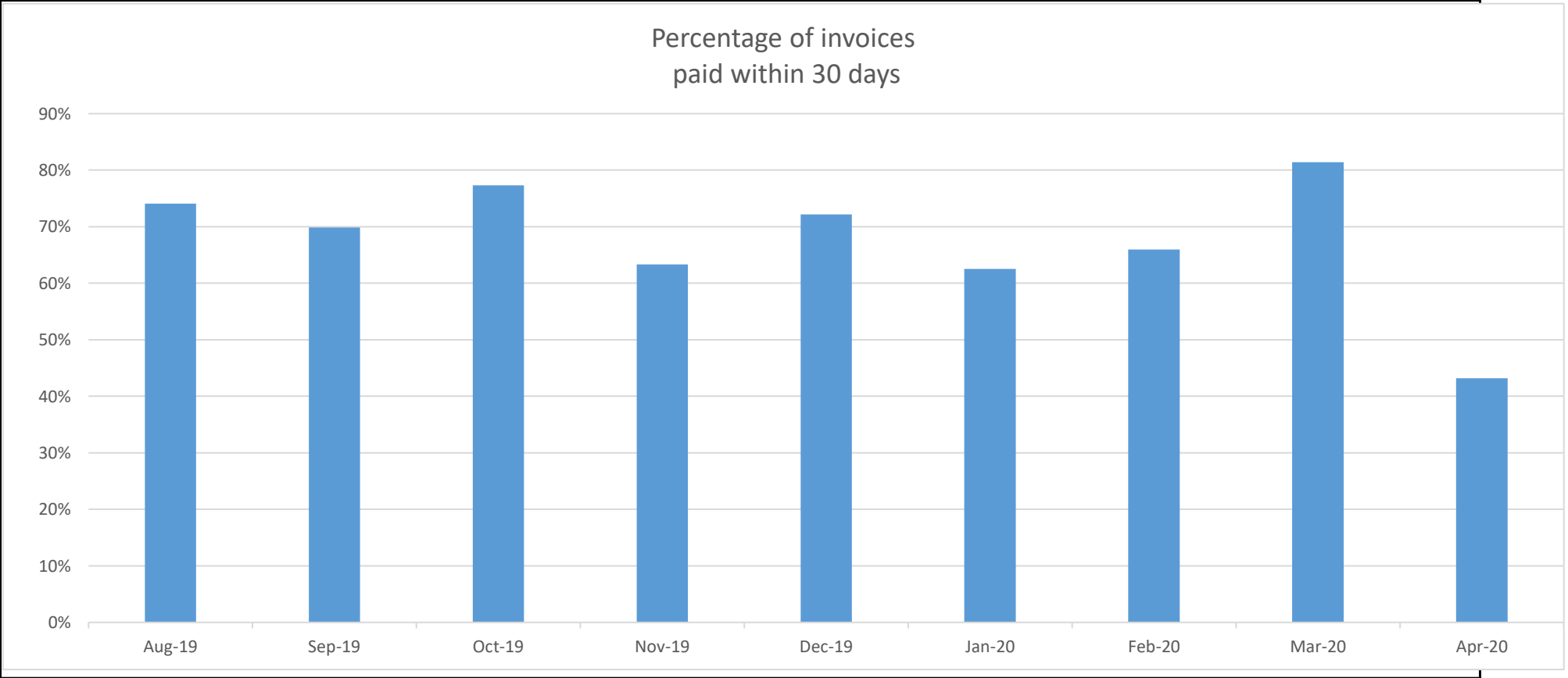


Debtors

Year 2019/20  
Month APRIL



Period	% paid within 30	No of Invoices
Aug-19	74%	540
Sep-19	70%	703
Oct-19	77%	693
Nov-19	63%	635
Dec-19	72%	507
Jan-20	63%	390
Feb-20	66%	200
Mar-20	81%	473
Apr-20	43%	88



## Finance and General Purposes Committee

<b>Subject/Title:</b>	Capital Plan 2019/20 and 2020-21 Indicatives
<b>Author:</b> [Name and Job title]	Roderick M Ferrier, Director of Finance (Shared)
<b>Meeting:</b>	Finance and General Purposes Committee
<b>Meeting Date:</b>	11 June 2020
<b>Date Paper prepared:</b>	4 June 2020
<b>Brief Summary of the paper:</b>	To provide the committee with information on actual expenditure and commitments on capital funding allocation for 2019/20, and funding indicatives for 2020-21
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	Consideration and 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 <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: to support the institution in the delivery of its operational objectives. Organisational: if funds not utilised or overspend 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]	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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<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)

**Recommendation**

That members note the terms of the report.

**Purpose of Report**

This report is to provide members with information on capital funding allocations for 2019-20 and the progress of spending these allocations; and indicative funding for 2020-21.

**Background**

The College receives capital funding for the period 1 April – 31 March each year and prepares plans to spend it. This will tie into a longer-term estates' strategy.

**Capital Funding Allocations 2019/20**

Funding allocations are given on sheet Capital Funding.

**FE Capital**

In terms of Lifecycle Maintenance of £68,906 then this is on target to be spent. This could be spent on annual estate maintenance or IT equipment.

Backlog Maintenance is a small amount, and this should be allocated to spend identified in MAMG Backlog Review report from a few years ago.

**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, it can be used for debt servicing associated with capital developments. See below re e-mail correspondence between the Director of Finance for UHI and me.

The BIS element can be used on either buildings or equipment provided it is connected to research.

**Spend - HE Capital Maintenance**

There are a number of projects listed in Sheet HE Capital at various stages of completion. I note that the Planned figure of £176,659 is a bit bigger than the funding available £170,919 + £4,299 Backlog = £175,218, but not material.

Of those which have not yet commenced, it looks unlikely that they will all be completed by the original deadline of 31 July 2020 due to the current Covid-19 restrictions. However, despite lockdown, the works on the Ground Floor disabled facilities and the panic alarm adjustments are now underway.

UHI recently received the following response from SFC in relation to the Covid-19 situation and capital works for 2019/20:

'If the work has been contracted for prior to 31 March 2020, the works should be completed as soon as possible after the end of March 2020, taking into account Government guidance / current restrictions'.

It may well be that the plans to deliver this in terms of ordering/contracting and payment cannot be delivered in the timeframe and to the satisfaction of auditors. However, there is a monthly gap between funding received from the SFC to meet the cost of the Unitary Charge, and the cost itself. On a monthly basis the college receives £391,410 and pays out on average £420,000. Thus, any underspend on the current plan can be used to meet the Unitary Charge gap.

In sum, Inverness College should be able to spend all its allocations.

### **Capital Plan 2020-21**

Indicative figures have been received from UHI for 2020-21 capital allocations; BIS allocation has still to be received. The College will be considering the priorities for spend as soon as possible, especially in Covid 19 world, so that this allocation can be spent in a more timeous way. It is encouraging to see that the FE Lifecycle Maintenance funding is likely to increase by over £38,500. HE capital is likely to be slightly less than the amount for 2020-21.

**From:** Niall McArthur <niall.mcarthur@uhi.ac.uk>

**Sent:** 06 May 2020 10:11

**To:** Roddy Ferrier <Roddy.Ferrier@uhi.ac.uk>; Susan Irvine <Susan.Irvine@uhi.ac.uk>

**Subject:** RE: Accounting Systems

Hi Roddy,

The HE capital grant funding conditions are quite explicit, please see below:

*Capital funding Capital Grant*

*33. Capital Grant funding must be used for estates build/maintenance and/or debt servicing associated with capital developments. All expenditure should be aligned to a university's estate strategy.*

*DBEIS/SFC Research Capital Grant 34. Research Capital Grant funding from the UK Department for Business, Energy & Industrial Strategy (DBEIS) and SFC should be used to enable universities to focus on maintaining excellent departments with the critical mass to compete globally and the expertise to work closely with business, charities and public services. Funding should be used solely for capital investment in the physical infrastructure for research. All expenditure should be aligned to a university's estate strategy.*

Niall

Niall McArthur

Director of Corporate Resources

University of the Highlands & Islands, Executive Office, Ness Walk, Inverness, IV3 5SQ

*Oilthigh Na Gaidhealtachd agus Non Eilean, Oifis-Stiuiridh, SligheNis, Inbhir Nis, IV3 5SQ*

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Web : [www.uhi.ac.uk](http://www.uhi.ac.uk)

A Millenium Commission Lottery Project A Limited Company registered in Scotland, no. 148203.  
Scottish Charity No. SC022228. Registered Office 12b Ness Walk, Inverness, IV3 5SQ

**From:** Roddy Ferrier <[Roddy.Ferrier@uhi.ac.uk](mailto:Roddy.Ferrier@uhi.ac.uk)>

**Sent:** 06 May 2020 09:59

**To:** Niall McArthur <[niall.mcarthur@uhi.ac.uk](mailto:niall.mcarthur@uhi.ac.uk)>; Susan Irvine <[Susan.Irvine@uhi.ac.uk](mailto:Susan.Irvine@uhi.ac.uk)>

**Subject:** Accounting Systems

Would the cost of upgrading the College's Accounting system (Sun Accounts upgrade) qualify for using HE capital funding?

Many thanks

Roddy

## INVERNESS COLLEGE UHI

4-Jun-20

## YEAR ENDED 31 MARCH 20

## HE Capital

	FE Lifecycle Maintenance £	FE Backlog £	Total £	HE Capital £	BIS Research £
<b>2019-20</b>					
To 31 March 20	<u>68,906</u>	<u>4,299</u>	<u>73,205</u>	<u>170,919</u>	<u>12,378</u>
<b>2020-21</b>					
	<u>107,551</u>	<u>7,382</u>	<u>114,933</u>	<u>169,111</u>	<u>?</u>

The figure for 2020-21 are draft indicative and have still to be approved through the UHI committee channels



## Board of Management

<b>Subject/Title:</b>	Business Development Update
<b>Author:</b>	Georgina Parker, Director of External Relations
<b>Meeting:</b>	Finance & General Purposes Committee
<b>Meeting Date:</b>	11 June 2020
<b>Date Paper prepared:</b>	29 May 2020
<b>Brief Summary of the paper:</b>	<ul style="list-style-type: none"> <li>• Full contract year (31 April 2019- 31 March 2020) income was £864K compared to £461K in 2018/19.</li> <li>• Financial year-end budget forecast income for our MA contract is £900K against a budget of £509K.</li> <li>• An MA contract Notice to Improve has been issued to UHI by Skills Development Scotland due to compliance issues.</li> <li>• FWDF income claimed financial year to date is £423K against a budget of £408K.</li> <li>• Short course income to February 2020 is estimated at approximately £141K against an unconfirmed budget of £300K. This will be a financial year end figure due to Covid19 preventing practical training.</li> <li>• The potentially negative impact of Covid-19 on our Commercial Food Service budget has been mitigated by the use of the furlough programme. A small contribution to overhead is forecast.</li> <li>• Our successful Advancing Manufacturing Challenge Fund bid has been announced by Government and the 'Make it Smart Hub' project has commenced.</li> <li>• An update is provided regarding our Knowledge Transfer Partnerships and Create.</li> </ul>
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	That the committee notes the year-to-date performance in relation to the External Relations Directorate.
<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>• ESF audit</li> <li>• SFC audit</li> <li>• ERDF</li> </ul> New opportunity: <ul style="list-style-type: none"> <li>• Further growth in Modern Apprenticeship contract</li> <li>• AMCF funding</li> </ul> Risk Management: <ul style="list-style-type: none"> <li>• Apprenticeship funding from SDS post-Brexit</li> <li>• Discontinuation of Apprenticeship Levy</li> </ul>
<b>Resource implications:</b>	Yes / No

	<b>If yes, please specify:</b>
<b>Risk implications:</b>	<b>Yes / No</b> <b>If yes, please specify:</b> Operational: <ul style="list-style-type: none"> <li>Risks associated with COVID-19</li> </ul> Organisational: <ul style="list-style-type: none"> <li>Reputational risk associated UHI NTI for MA Contract</li> </ul> Financial: <ul style="list-style-type: none"> <li>Risks associated with COVID-19</li> <li>Risks associated with the UHI NTI for MA Contract</li> </ul>
<b>Equality and Diversity implications:</b>	<b>Yes/No</b> <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]	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)	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>	Risk Management
<b>Author:</b>	Helen Simpson
<b>Presented by:</b>	Chris O'Neil & Roddy Ferrier
<b>Meeting:</b>	F&GP Committee
<b>Meeting Date:</b>	11 June 2020
<b>Date Paper prepared:</b>	27 May 2020
<b>Brief Summary of the paper:</b>	Update on risk register.
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	Discussion and 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 – demonstrates our understanding of the key risks facing Inverness College UHI.
<b>Resource implications:</b>	
<b>Risk implications:</b>	Yes <b>If yes, please specify:</b> Operational: Organisational: Ineffective management of significant risks leading to adverse financial impacts
<b>Equality and Diversity implications:</b>	No
<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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[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>	Committee & Chair Evaluation
<b>Author:</b> [Name and Job title]	Lisa Ross, Board Secretary
<b>Meeting:</b>	F&GP Committee
<b>Meeting Date:</b>	11 June 2020
<b>Date Paper prepared:</b>	21 May 2020
<b>Brief Summary of the paper:</b>	Annual F&G Committee and Committee Chair Evaluation Exercises
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	<p>The committee is requested to collectively complete the Committee self-evaluation exercise.</p> <p>The Chair will leave the room and the members will complete the committee chair evaluation exercise.</p>
<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>	<p>The Code of Good Governance for Scotland's Colleges establishes standards of good governance practice for all boards and provides the essential foundations for compliance within the legislative framework. One of the five principles around which the code has been developed is effectiveness.</p> <p>Paragraph D24 states that "The board must agree a process for evaluating the effectiveness of the board chair and the committee chairs"</p>
<b>Resource implications:</b>	
<b>Risk implications:</b>	Yes/No Operational: required for the proper Governance of the College
<b>Equality and Diversity implications:</b>	N/A
<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.)			

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)

**Finance and General Purposes Committee Evaluation (to be completed by the F&GP committee collectively).**

Date:

Good Practice	Yes	No	N/A	Comments/Action
<b>Composition, Establishment and Duties of the Committee</b>				
Does the Committee meet regularly in accordance with the Board Standing Orders?				
Does the Committee consistently have a quorum?				
Do all Committee members attend meetings regularly?				
Does the Committee have enough members?				
Does at least one of the Committee members have a background relevant to the remit of the Committee?				
Have new Committee members received all necessary training?				
Does the Committee report regularly to the Board?				

Good Practice	Yes	No	N/A	Comments/Action
<b>Terms of reference</b>				
Does the Committee have written terms of reference?				
Do the terms of reference include all aspects of the Committee's role?				
Does the membership of the Committee need to be changed?				
Are the terms of reference adopted by the full Board and reviewed annually?				

## ITEM 12

Good Practice	Yes	No	N/A	Comments/Action
<b>Compliance with the Law and Regulations</b>				
Does the Committee have a mechanism to keep it aware of topical legal and regulatory issues?				

Good Practice	Yes	No	N/A	Comments/Action
<b>Internal Control</b>				
Does the Committee monitor to ensure that risk is controlled?				
Does the Committee regularly review relevant strategic plans?				
Does the Committee consider the level of detail and information it receives appropriate?				
Are appropriate internal performance measures monitored by the Committee?				
Is the Committee addressing all matters delegated to it by the Board and under its terms of reference?				

Good Practice	Yes	No	N/A	Comments/Action
<b>Administrative arrangements</b>				
Does the Committee have an independent secretary?				
Are Committee papers distributed in sufficient time for members to give them due consideration?				
Are Committee meetings scheduled prior to important decisions on specific matters being made?				
Is the timing of Committee meetings discussed with all involved?				



## Evaluation of Finance and General Purposes Committee Chair

Chair being evaluated: Gavin Ross

Circle to indicate  
Tendency

Keeps members on topic and to the agenda	1 2 3 4 5 6	Tends to criticise the ideas and values of members
Summarises discussions and decisions impartially and confirms action points	1 2 3 4 5 6	Tends to force ideas on to the group
Spots likely problems early and states them in a constructive way	1 2 3 4 5 6	Makes decisions without consulting the group or despite the group's views
Suggests solutions	1 2 3 4 5 6	Leaves decisions 'hanging'
Ensures adequate time is given to the different areas of the agenda	1 2 3 4 5 6	Talks too much and gets too involved
Facilitates the expression of all views and opinions	1 2 3 4 5 6	Allows individuals to dominate discussion
Communicates information to Board members	1 2 3 4 5 6	Fails to inform Board members of important information
Supports individual Board members	1 2 3 4 5 6	Is too distant or directing

Comments

Completed by Finance and General Purposes Members

Date

**F&GP COMMITTEE**

Subject/Title:	ICT Update
Meeting and date:	F & GP
Author:	ICT Services Manager
Decision, Discussion or Noting:	Noting
Link to Strategic Plan:	
Cost implications:	No
Risk assessment:	No

**Recommendation**

Note the report.

**Purpose of report**

To provide an update on recent ICT activity across the College.

**Background**

Recent circumstances have led to significant challenges for staff and students which have led to very quick adoption of new working and teaching practices.

**Laptops to Support Home Working and Studying**

The closure of the College and requirement for College activity to be carried out in staff and student homes led to an immediate requirement for equipment.

For staff, laptop trolley devices were quickly reconfigured for staff use and assigned to staff in the few days before the expected College closure date. 71 were assigned and collected during this period, with 13 subsequently issued via courier delivery directly from the ICT technicians' homes.

For students, the College worked with EO to seek funding for devices across the UHI (12 IC students received devices from this funding) and a further 19 students have received College laptops that were reimaged to work effectively as home devices.

## **Remote Working Practices**

Significant work was required in a short space of time to ensure critical business functions could continue unhindered in the new working staff working environment. Most significant activity was in the Finance department which was led by the Finance Project Team Leader and supported by the ICT team to allow staff to adopt new ways of working and new technology.

Many lecturing staff already work on online programmes or in academic areas that translate more easily to being taught remotely. Staff have been very supportive of each other as well as being supported by ICT and Professional Development staff in adapting to the new ways of working. Other more practical programmes have had greater challenges and issues are still being worked through now on how to deliver these more effectively

## **ICT Security**

New ways of working create new security vulnerabilities and areas that others seek to exploit, such as an increase of phishing mails using Covid-19, furlough and other topics in the news to tempt staff into clicking attachments or giving their password. The College is in a stronger position than many other institutions, due to having two-factor-authentication for staff that was implemented early this year, which makes phishing and other account exploitation much harder. That is, staff need to confirm logins with a pin or application on their mobile phone (or via email).

The ICT team are in continual review of guidance and best practice and adopting our infrastructure and policies accordingly. The System Developer created a first response guide to any IT security incident which has been adopted across the UHI to ensure we can collectively act quickly and effectively if we do have an issue across the Partnership network, even with staff working remotely.

## **Printing and Costs Reductions**

In response to the current financial climate cost savings are being looked at across the College, including ICT. As the UHI wide printing contract ends this summer with a one-year extension being put in place, due to delay in longer term procurement due to Covid-19, there is an opportunity to review the number of devices in use across the College and reduce the overall cost of printing.

As staff and students are currently largely managing without access to the printing devices in the College it does not seem prudent to simply return to a 60k annual spend on printing. Particularly as the College is looking to increase the delivery of learning and teaching digitally as well as reduce its environmental impact.

The current proposal is to half the number of printing devices and to significantly reduce the printing volumes allowed for staff. In addition, training in new ways of working that are less paper based will be led by the Professional Development team, with a Digital Skills Action Plan already in draft.

**2020 / 21 Changes**

Work for the next academic year will look to support remote working and more seamless off campus practices for learning, teaching and support functions. Such as moving away from on campus shared drives and develop the wider use of SharePoint and OneDrive storage included within our Microsoft licensing.

As such, staff and student home drives will move to OneDrive, which is just as accessible from home as it is on campus, and staff will be supported in using SharePoint which has already been successfully deployed to support the Quality Team.

Microsoft Teams has also been quickly adopted across the as the key communication tool during the lockdown period. Providing team updates, chat and video conferencing within a few clicks has been crucial in collaboration, communication and team morale despite staff being physically remote. A UHI wide project has been initiated to look at the wider use of Teams which the College is represented on.

Other projects planned for next academic year, even before Covid-19, included how to better support the digital delivery across the curriculum. The model of ICT suites and laptop trolleys on campus needs to evolve to better support and supplement students having their own devices to study both off and on campus, as well as reducing the cost of the ICT estate. For example, the automated bookable laptops in the LRC have been very successful and other students are already using their own devices on campus.



# INVERNESS COLLEGE

## INTERNAL AUDIT REPORT

FINANCIAL PLANNING  
MARCH 2019

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Moderate	Moderate



# INVERNESS COLLEGE, FINANCIAL PLANNING

EXECUTIVE SUMMARY .....	2
DETAILED FINDINGS .....	6
OBSERVATIONS .....	15
STAFF INTERVIEWED .....	17
APPENDIX I - DEFINITIONS.....	18
APPENDIX II - TERMS OF REFERENCE .....	19

## DISTRIBUTION

Fiona Mustarde	Director of Finance
Members of the Audit Committee	


## REPORT STATUS LIST


Auditors:	Chloe Ridley
Dates work performed:	28 February - 19 March 2019
Draft report issued:	25 March 2019
Final report issued:	26 April 2019

# INVERNESS COLLEGE, FINANCIAL PLANNING




## EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

Design  Generally a sound system of internal control designed to achieve system objectives with some exceptions.

Effectiveness  Evidence of non-compliance with some controls, that may put some of the system objectives at risk.

## SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High		0
Medium		5
Low		3

TOTAL NUMBER OF RECOMMENDATIONS: 8

## BACKGROUND:

As part of the 2018-19 Internal Audit Plan, it was agreed that Internal Audit would review the design and operating effectiveness of the controls in place at Inverness College ("the College") surrounding financial planning arrangements.

The College's budgeted income for 2018/19 was £27.8m, £22.1m comprises of grant income, £3.3m fees and charges and £2.4m other income. Budgeted expenditure was £27.8m and comprises of £15.7m staff costs, £1.1m property charges, £4.2m unitary charge, £4.4m supplies & services and £2.3m student support funds. Taking into consideration depreciation and deferred capital grant, there is an operating deficit of £1.4m.

The College has around 20 budget holders, who are responsible for managing their own budget. There are 14 Finance staff, some of their responsibilities cover payroll, procurement, fleet management, travel and expenses, and management accounting.

The College has identified the following financial challenges over the next few years: planned reduction in Further Education (FE) funding for Inverness College from 2019/20 and reduced funding to the Highland region from 2020/21 onwards, impact of National Pay Bargaining and increasing pension rates, student recruitment and changing demographics, and the Scottish Government's expectation to find efficiency saving of 3% per annum.

UHI Partnership Council decide how the funding is allocated between the Colleges and Universities. The main assumptions made in the 2018/19 budget were: the credit target for the Highlands and Islands Region is 109,831 (a reduction of 1,136 credits from 2017/18), the University of the Highlands and Islands ("UHI") has a target of 6,307 Full Time Equivalent ("FTE") students, Inverness College (as one of UHI's 13 colleges and research institutions) has been allocated a target of 1,618 FTE students, there was no budgetary uplift for

# INVERNESS COLLEGE, FINANCIAL PLANNING

inflation, and payroll costs were based on established posts as at April 2018 taking into account vacancies and planned increments.

The College's Financial Regulations state that the Director of Finance is responsible for preparing annual capital and revenue budgets and financial plans for consideration by the Finance and General Purposes ("F&GP") Committee before submission to the Board of Management for approval.

Tuition fees for non-regulated courses and fees for other sources of income are agreed in advance of the budget-setting process, and are approved by the F&GP Committee in March.

The Scottish Funding Council ("SFC") allocate funding to the Highlands and Islands Region. SFC provide an initial allocation in February and a final allocation is announced in May.

Staff costs are 55% of the budget. The pay budget includes the anticipated budget requirement for fixed term and variable staffing. Salaries are adjusted for incremental movements and expected pay increases. Vacant posts are also included within budget. The number of temporary hours required is calculated from the Curriculum Plan.

Finance meet with budget holders each year and review prior year budget and actual results and current year performance to date to determine a realistic budget for the upcoming year.

Budget holders also submit Enhancement Plans, which detail their plans for the upcoming year and a request for any additional budget, where applicable. Previously, the Depute Principal and Director of Finance will review requests, and prioritise which requests are funded. In 2019/20, the Depute Principal and Head of Finance will undertake the initial assessment, with support sought from Estates and ICT Managers, and the SMT will prioritise the requests.

The budget is presented to the Senior Management Team before distributing for consideration by the F&GP Committee and the Board of Management.

SFC requires a five year Financial Forecast Return ("FFR") to be submitted on an annual basis, normally with an end of September deadline. SFC issues a template which is to be completed and returned and guidance is provided on some of the key assumptions which should be made. Finance uses information gained within the budget setting process to prepare the FFR. Whilst the SFC require a 5 year FFR to be produced, SFC funding continues to be provided on an annual basis, with no indication of what funding is planned in future years.

The Financial Regulations state that budget holders are responsible for working within their budgetary limits, and significant departures from budget must be reported to the Director of Finance. Budget holders are provided with budget monitoring reports for their cost centres on a monthly basis by Finance.

Consolidated finance monitoring reports are presented to the Senior Management Team at their formal monthly meeting.

The Director of Finance is responsible for supplying budgetary reports on all aspects of the College's finances to the F&GP Committee. Finance Monitoring reports are a standing item on their agenda. The F&GP Committee meet on a quarterly basis. The report compares the year to date position against the phased budget, the year-end forecast and variance. It also includes a cash flow analysis, an income and expenditure report, and provides explanations for variances.

## SCOPE AND APPROACH:



# INVERNESS COLLEGE, FINANCIAL PLANNING

The scope of our review is to assess whether:

- Financial plans are based on reasonable assumptions and forecasts and accurate, reliable information;
- Financial plans are developed in a timely manner with appropriate consultation, review and approval arrangements;
- Scenario planning and sensitivity analysis has been carried out to ensure budgets are flexible and robust enough to meet organisational requirements and respond to funding changes; and
- Budget reforecasts are carried out on a regular basis to reflect changes which may occur to plans, or to predict the outturn where expenditure in some areas differs from expectations.

However, Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit.

Our approach was to conduct interviews to establish the controls in operation for each of our areas of audit work. We then sought documentary evidence that these controls are designed as described. We evaluated whether these controls to identify whether they adequately address the risks.

## GOOD PRACTICE:

We identified a number of areas of good practice:

- The budget is reviewed by the Senior Management Team, F&GP Committee and the Board of Management;
- Finance monitoring reports are presented to the F&GP Committee on a regular basis;
- The College has an approved Finance Strategy in place; and
- Financial Regulations have a Policy Owner and review schedule in place.

## KEY FINDINGS:

Notwithstanding the elements of good practice noted above, our review highlighted opportunities for improvement, which are summarised below:

- **Scenario Planning:** limited scenario planning and sensitivity analysis is performed;
- **Outturn Monitoring:** there are no monitoring mechanisms in place to ensure efficiency and income targets are being met to reduce the £5.5m deficit identified in the Financial Forecast Return (FFR);
- **Budget Timetable and Communication:** There was no formal budget timetable in place for the 2018/19 budget setting process. The budget timetable is not communicated to budget holders as part of the 2019/20 process. The 2019/20 budget timetable did not assign responsibility for tasks. The following tasks were not included within the timetable: communicating the timetable to budget holders and Senior Management Team, updating budget when funding is confirmed by UHI, submission of Enhancement Plans and Budget and Resource Planning Templates, and communicating the results of the Enhancement Plans and updating the budget;

# INVERNESS COLLEGE, FINANCIAL PLANNING

- **Enhancement Plan Communication:** there was no communication to budget holders about the outcome of their submitted Enhancement Plans. There is no scoring mechanism in place, therefore it is not clear why projects were prioritised;
- **Tracking Changes:** it is not clear throughout the budget setting process what changes have been made to the budget, by whom and why;
- **Budget Profiling:** the budget is not profiled to accurately reflect expected spend each month. We understand that Finance made progress on this in 2018/19, but further work still needs done;
- **Budget Holder Meetings:** Finance did not hold regular meetings with budget holders. Budget holders do not have a first point of contact within the Finance team; and
- **Budget Review:** the Financial Regulations do not include the requirement that financial plans should be considered by the Senior Management Team prior to consideration by the F&GP Committee.

## CONCLUSION:

We are able to provide moderate assurance over the design and operational effectiveness of the key controls in place in relation to financial planning. We recommend management implement the noted control improvements to develop the current arrangements.


## OUR TESTING DID NOT IDENTIFY ANY CONCERNS SURROUNDING THE CONTROLS IN PLACE TO MITIGATE THE FOLLOWING RISKS:

- ✓ Financial plans may not be based on accurate, reliable or relevant information
- ✓ Financial plans may be based upon unreasonable assumptions or forecasts
- ✓ Budget re-forecasts may not be carried out on a regular basis to reflect changes which may occur to plans, or to predict the outturn where expenditure in some areas differs from expectations
- ✓ Financial plans may not be subject to effective consultation, review or approval

# INVERNESS COLLEGE, FINANCIAL PLANNING

## DETAILED FINDINGS

RISK: : NO, OR LIMITED, SCENARIO PLANNING OR SENSITIVITY ANALYSIS HAS BEEN UNDERTAKEN

Ref	Sig.	Finding
1		<p><b>Scenario Planning</b></p> <p>Scenario planning and sensitivity analysis ought to be performed to ensure financial plans are flexible and robust enough to meet organisational requirements and respond to funding changes.</p> <p>Limited scenario planning and sensitivity analysis is performed, despite the Financial Forecast Return (FFR) showing a deficit of £5.5m, over a five year period. There is no consideration of events that may happen and could impact the College drastically over the medium term, such as reduced or increased funding from SFC, varying outputs of National Pay Bargaining, reduced commercial income.</p> <p>Some scenarios were presented at the Board away day, including savings from reduced campus opening hours and increased income generation.</p> <p>There is a risk that financial plans are not robust enough to respond to changing circumstances.</p>

## RECOMMENDATION:

We recommend scenario planning and sensitivity analysis is incorporated in plans to achieve the Finance Strategy.

Factors with the most uncertainty should be considered, such as:

- salary uplifts
- funding
- other income

## MANAGEMENT RESPONSE:


Agreed that scenario planning and sensitivity analysis should be completed and properly documented.

Responsible Officer: Director of Finance

Implementation Date: June 2019

# INVERNESS COLLEGE, FINANCIAL PLANNING

**RISK: THE FINANCIAL PLANNING PROCESS MAY NOT BE CARRIED OUT IN A TIMELY MANNER IN ACCORDANCE WITH A CLEARLY DEFINED TIMETABLE.**

Ref	Sig.	Finding
2		<p><b>Outturn Monitoring</b></p> <p>Audit Scotland guidance recommends that public sector bodies should have plans in place to reduce identified deficits over the medium term.</p> <p>Inverness College's FFR identified a £5.5m deficit. Inverness College has recently approved its Financial Strategy which is the first step in creating a plan to address this deficit. It has been created to address the need for medium term financial planning. The Strategy identifies the challenges the College faces over the coming years and includes objectives to meet the strategic aims, which details the steps they need to take. A high level plan was presented to the Board of Management at the away day in January 2019. There was a focus on income generation, efficiencies and maximising resources to address the forecast deficit position.</p> <p>There is no monitoring mechanism in place to ensure efficiency and income targets are being met.</p> <p>There is a risk Inverness College cannot operate within its approved budget in the medium term.</p>

## RECOMMENDATION:

We recommend a medium term plan is created to address the deficit identified in the FFR. The plan should include efficiency and income generating targets for each year and there should be a detailed plan in place to achieve the targets.

This should be aligned with the budget setting and monitoring process.

## MANAGEMENT RESPONSE:


It is agreed that this plan should be clearly documented and have a structured reporting mechanism to capture the activities identified and evaluate achievement. This will provide the SMT with data to inform further steps required.

Responsible Officer: Director of Finance

Implementation Date: June 2019

# INVERNESS COLLEGE, FINANCIAL PLANNING

**RISK: FINANCIAL PLANS MAY NOT BE SUBJECT TO EFFECTIVE CONSULTATION, REVIEW OR APPROVAL**

Ref	Sig.	Finding
3		<p><b>Budget Holder Meetings</b></p> <p>Regular meetings with Finance and budget holders provide an opportunity for Finance to offer support, challenge any variances and forecast the year-end position.</p> <p>Finance do not hold meetings with budget holders. Budget holders do not have a first point of contact within the Finance Team.</p> <p>There is a risk financial plans are not subject to effective consultation. There is a risk budget management is not sound.</p>

## RECOMMENDATION:

Meetings should be scheduled with budget holders on a quarterly basis.

Budget holders are assigned a first point of contact within Finance.

## MANAGEMENT RESPONSE:


Agreed. Budget holders have already been assigned named contact points within the Finance team. In addition, quarterly financial review meetings will be in place for 2019/20 and these meetings will also include the Principal and Director of Finance.

Responsible Officer: Finance Manager

Implementation Date: August 2019

# INVERNESS COLLEGE, FINANCIAL PLANNING

**RISK: FINANCIAL PLANS MAY NOT BE SUBJECT TO EFFECTIVE CONSULTATION, REVIEW OR APPROVAL**

Ref	Sig.	Finding
4		<p><b>Budget Review</b></p> <p>It is good practice for Senior Management to consider papers before they are presented to the Board, to allow them to evaluate the consolidated budget position.</p> <p>The Financial Regulations do not include the requirement that financial plans should be considered by the SMT prior to consideration by the F&amp;GP Committee. (However we note that the 2019/20 budget timetable included Senior Management Team preapproval).</p> <p>There is a risk of uncertainty around the expected budget approval process</p>

## RECOMMENDATION:

We recommend Financial Regulations are updated to reflect that SMT are required to consider the budget prior to the F&GP Committee

## MANAGEMENT RESPONSE:


This will be considered when the Financial Regulations are next reviewed.

Responsible Officer: Finance Manager

Implementation Date: December 2019

# INVERNESS COLLEGE, FINANCIAL PLANNING

**RISK: THE FINANCIAL PLANNING PROCESS MAY NOT BE CARRIED OUT IN A TIMELY MANNER IN ACCORDANCE WITH A CLEARLY DEFINED TIMETABLE.**

Ref	Sig.	Finding
5		<p><b>Budget Timetable &amp; Communication</b></p> <p>A clearly defined budget timetable includes all necessary steps and ensures the budget is prepared in a timely manner.</p> <p>It is good practice to communicate the budget timetable to relevant parties to ensure they are aware of expectations and deadlines</p> <p>There was no formal budget timetable in place for the 2018/19 budget setting process due to staffing shortages. The budget timetable was not formally communicated to budget holders as part of the 2019/20 budget setting process.</p> <p>The 2019/20 budget timetable did not assign responsibility for tasks. Additionally the following tasks were not included:</p> <ol style="list-style-type: none"> <li>1. communicating the timetable and budget process to the Senior Management Team and budget holders;</li> <li>2. updating the budget when funding is confirmed by the UHI;</li> <li>3. submission deadline of Enhancement Plans and Budget and Resource Planning Templates; and</li> <li>4. reviewing the Enhancement Plans, communicating the results and updating of the budget.</li> </ol> <p>There is a risk that there is not a clearly defined timetable in place which could lead to late budget submissions. There is a risk the budget setting process is not carried out in a timely manner in accordance with the budget timetable.</p>

# INVERNESS COLLEGE, FINANCIAL PLANNING

## RECOMMENDATION:

We recommend the budget timetable assigns responsibility for completion of each task.

The budget timetable should include the following steps:

1. communication of the budget timetable to the Senior Management Team and budget holder
2. update the budget when funding is confirmed from the UHI
3. submission deadline of Enhancement Plans and Budget and Resource Planning Templates; and
4. review of the Enhancement Plans and communication of the results.

We recommend the budget timetable is communicated to budget holders.

Budget holders expected involvement is communicated in advance of the budget setting process.

## MANAGEMENT RESPONSE:

Agreed that the budget timetable should have assigned responsibility for tasks and be clearly communicated. Updating the budget for final UHI allocations will be incorporated if the timing of the final confirmation enables this. The Enhancement Plan process is not specifically about budgeting. Additional resource requirements can be identified through this process. Agreed that the outcome of this process needs to be clearly communicated to budget holders on completion.


Responsible Officer: Director of Finance

Implementation Date: July 2019



# INVERNESS COLLEGE, FINANCIAL PLANNING

**RISK: FINANCIAL PLANS MAY NOT BE BASED ON ACCURATE, RELIABLE OR RELEVANT INFORMATION.**

Ref	Sig.	Finding
6		<p><b>Enhancement Plan Communication</b></p> <p>Where adjustments are made to the budget, it is good practice to communicate this to the relevant budget holders so they are aware of their budgetary limits.</p> <p>In 2018/19 budget holders were asked to submit Enhancement Plans. Budget holders were required to include detail of any additional resource requests. The Depute Principal and Director of Finance review the submissions, prioritise and decide what resource requests can be met. There was no communication to budget holders about the outcome of the submissions.</p> <p>There is no scoring mechanism in place, therefore it was not clear which projects were prioritised and why.</p> <p>There is a risk budget holders are not aware of their budgetary limits. There is a risk that the budget decision-making process is not transparent.</p>

## RECOMMENDATION:

We recommend the outcome of the Budget & Resource Planning submissions is communicated to budget holders.

A scoring mechanism is put in place to grade projects, and projects are prioritised and selected based on this.

## MANAGEMENT RESPONSE:


Agreed. SMT will be asked to review and prioritise requests and budget holders will be notified. A transparent scoring mechanism will be agreed and applied to ensure consistency.

Responsible Officer: Director of Finance

Implementation Date: July 2019

# INVERNESS COLLEGE, FINANCIAL PLANNING

**RISK: FINANCIAL PLANS MAY NOT BE BASED ON ACCURATE, RELIABLE OR RELEVANT INFORMATION.**

Ref	Sig.	Finding
7		<p><b>Tracking Changes</b></p> <p>During the budget setting process, it is good practice to track changes that have been made to the budget to identify, including adjustments and decisions made. Adjustments and decisions made should also be documented. This ensures a transparent approach to budget setting.</p> <p>It is not clear throughout the budget setting process what changes have been made to the budget, by whom and why.</p> <p>There is a risk the budget setting process is not transparent and the rationale behind changes are not understood.</p>

## RECOMMENDATION:

We recommend changes made to the budget are tracked.

The reason for adjustments and by whom are documented.

## MANAGEMENT RESPONSE:


For 19-20 changes have been recorded in the relevant working papers that feed into the overall budget.

Responsible Officer: Finance Manager

Implementation Date: June 2019

# INVERNESS COLLEGE, FINANCIAL PLANNING

**RISK: FINANCIAL PLANS MAY NOT BE BASED ON ACCURATE, RELIABLE OR RELEVANT INFORMATION**

Ref	Sig.	Finding
8		<p><b>Budget Profiling</b></p> <p>The budget is profiled throughout the year to reflect expected expenditure, to ensure a fair comparison against actual expenditure month to month.</p> <p>The budget is not profiled to accurately reflect expected spend each month. Finance spent some time as part of the 2018/19 budget setting process profiling the budget, but further work is still required.</p> <p>There is a risk budget monitoring is not providing meaningful analysis.</p>

## RECOMMENDATION:

We recommend Budget profiling is performed on an annual basis, taking into consideration expected expenditure each month.

## MANAGEMENT RESPONSE:

Agreed. This is an area of focus for the Management Accounting team.

Responsible Officer: Management Accountants

Implementation Date: June 2019

# INVERNESS COLLEGE, FINANCIAL PLANNING

## OBSERVATIONS

### BUDGET HOLDER OWNERSHIP

Budget holders take ownership for their budgets when they set their own budgets, consulting with Finance where necessary. Currently, budgets are set by Finance, who then consult with budget holders. Budget holders do not have adequate budget setting support procedures in place to facilitate them creating their own budgets, for example, training, the financial information needed, and a user friendly interface into the budgeting systems.

Once the new Finance system is operational, Finance should consider moving the responsibility of budget setting to budget holders. Training should be provided and Finance should meet with budget holders to provide support.

### CORPORATE MONITORING

It is good practice for senior management to review consolidated finance monitoring reports on a regular basis to allow them to evaluate Inverness College's financial performance.

The Senior Management Team's (SMT's) formal monthly meeting held on the 21 March 2018, was the first time the finance monitoring reports were a standing item on the agenda.

Prior to this, finance monitoring reports were not a standing item on the agenda. Inverness College identified the gap as a management oversight and have updated practice.

There was a risk SMT were making decisions based on incomplete information.

# INVERNESS COLLEGE, FINANCIAL PLANNING

## FINANCE SYSTEM

A finance system should add value to the organisation and provide efficiencies. Inverness College uses an old version of SUN for its finance system. The system has the following restrictions:

1. SUN can only be used by the Finance team. Budget holders are entirely dependent upon Finance sending them reports. If further detail is required, budget holders need to ask Finance. Budget holders cannot run reports as and when they require;
2. The system relies heavily on manual data input and processes leading to a greater risk of human error and a requirement for significant volume of paper files. Transaction records have a limited number of characters for the description which normally leads to staff having to revert back to the paper records that have been filed. There is limited flexibility on coding options and project accounting has proven to be problematic under this system;
3. Authorisations are paper based, including journals and bank account changes, therefore hard copy versions need to be retained; and
4. There is no facility for an integrated document management tool, therefore hard copy versions need to be retained.

Inverness College is looking to upgrade their Finance system, in order to remove these restrictions. The new finance system will reduce the manual processes required by Finance and allow them to focus on working with colleagues and seek continuous improvement.

# INVERNESS COLLEGE, FINANCIAL PLANNING

## STAFF INTERVIEWED

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

Fiona Mustarde





Director of Finance

Alison Rogers




Finance Manager

# INVERNESS COLLEGE, FINANCIAL PLANNING

## APPENDIX I - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
<b>Substantial</b> 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
<b>Moderate</b> 	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
<b>Limited</b> 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
<b>No</b> 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

## RECOMMENDATION SIGNIFICANCE

<b>High</b> 	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
<b>Medium</b> 	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
<b>Low</b> 	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

# INVERNESS COLLEGE, FINANCIAL PLANNING

## APPENDIX II - TERMS OF REFERENCE

### PURPOSE OF REVIEW:

The purpose of this review is to provide management and the Audit Committee with assurance that Inverness College has well designed, effective controls in place in relation to financial planning.

### KEY RISKS:

- Financial plans may not be based on accurate, reliable or relevant information
- The financial planning process may not be carried out in a timely manner in accordance with a clearly defined timetable
- Financial plans may be based upon unreasonable assumptions or forecasts
- No, or limited, scenario planning or sensitivity analysis has been undertaken
- Budget re-forecasts may not be carried out on a regular basis to reflect changes which may occur to plans, or to predict the outturn where expenditure in some areas differs from expectations
- Financial plans may not be subject to effective consultation, review or approval

### SCOPE OF REVIEW:

The scope of our review is to assess whether:

- Financial plans are based on reasonable assumptions and forecasts and accurate, reliable information;
- Financial plans are developed in a timely manner with appropriate consultation, review and approval arrangements;
- Scenario planning and sensitivity analysis has been carried out to ensure budgets are flexible and robust enough to meet organisational requirements and respond to funding changes; and
- Budget reforecasts are carried out on a regular basis to reflect changes which may occur to plans, or to predict the outturn where expenditure in some areas differs from expectations.

However, Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit.

### APPROACH:

Our approach was to conduct interviews to establish the controls in operation for each of our areas of audit work. We then sought documentary evidence that these controls are designed as described. We evaluated whether these controls to identify whether they adequately address the risks.



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