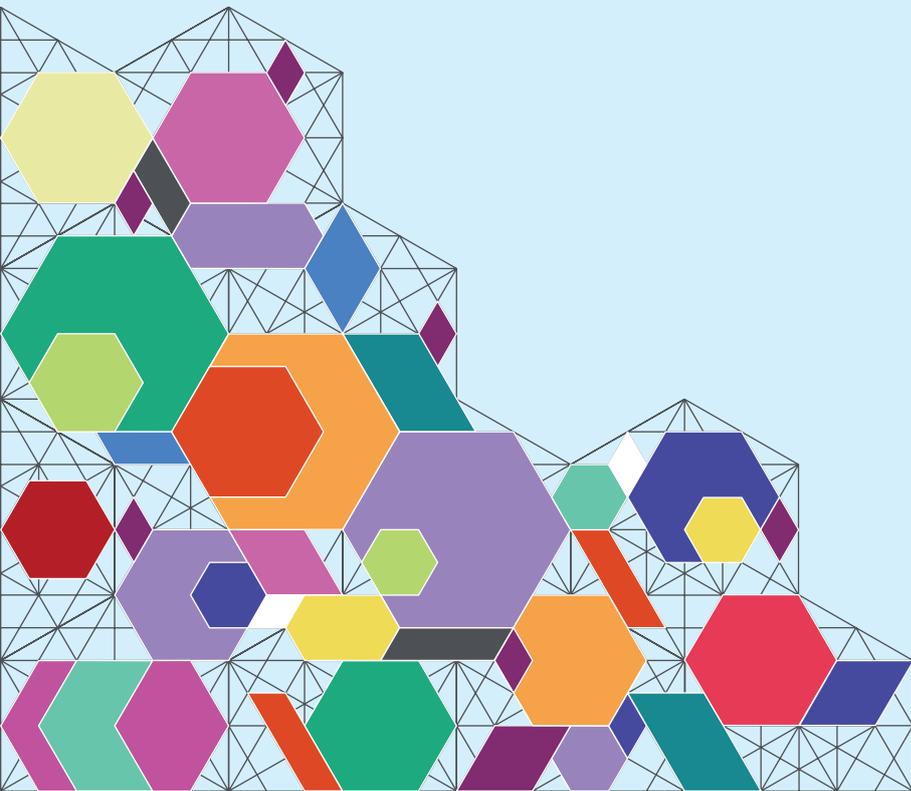


START
TOMORROW
TODAY

Finance Strategy 2018/2019 – 2022/2023



Finance Strategy 2018/2019 - 2022/23

How to use this strategy

It is intended that this strategy will provide clear direction to the Board of Management, staff and stakeholders of Inverness College UHI (ICUHI) on our strategic approaches to finance and financial sustainability.

Staff should make use of this strategy when creating their operational plans.

Context

This strategy has been developed to address the need for long term financial planning and financial sustainability. It has been guided by the current Inverness College UHI Strategic Plan for 2017-2020, taking account of the significant changes in funding which the College sector in Scotland is currently experiencing. This is an enabling strategy that will support the development of the next iteration of the overarching Strategic Plan.

In line with the majority of colleges within the Scottish education sector, Inverness College UHI has historically been dependant on government grant funding through the Scottish Funding Council. With a Scottish Funding Council grant funding level in excess of 70%, this reliance presents a risk, particularly in times of challenging public sector budget allocations.

Scottish Funding Council grant funding assumptions for future years do not allow for inflationary uplifts and, in addition, colleges are expected to find efficiency savings of at least 3% each year. The largest element of the College's cost base is employment costs. The College is a signatory to the National Recognition and Pay Agreement and as such, must implement the outcome of collective pay bargaining outcomes which are negotiated at a national level on behalf of the sector. Employer contributions to pension schemes are not only rising as a percentage of the increased pay levels, but there is also substantial increase in the teaching pension scheme rates, up from 17.2% to 22.4% in April 2019. Therefore the only direct control that can be exercised on employment costs relates to staff numbers, job roles and deployment of staff.

Capital grant funding for infrastructure is limited, and there is still a large proportion of the college estate in Scotland which is aged and requires significant investment, as evidenced by the sector condition survey commissioned by the Scottish Funding Council during 2017/18. This places additional pressure at a national level on the allocation of capital grant funding. For 2018/19, some areas identified as very high priority in the sector condition survey received specific capital grant funding however the general allocation was reduced. Whilst Inverness College UHI is in the fortunate position of having a new campus and significant investment in other estate, the

maintenance costs of ensuring that these assets are adequately maintained is considerable. There is a risk that funding levels may not be sufficient in future years to adequately address both buildings and ICT requirements.

As a significant partner within the University of the Highlands and Islands (UHI) and an incorporated college, the main source of income for the College is grant funding allocated by the Scottish Funding Council to UHI. There are two distinct funding streams, Further Education and Higher Education, which both have different bases and measurement.

In 2015, the Scottish Funding Council embarked on a three year transition to a new simplified funding regime for further education, however largely due to the impact arising from the implementation of national pay bargaining across the Scottish college sector, the simplified funding regime has not been fully transitioned. The resulting uncertainty around funding methodology has a negative impact on medium and long term planning.

Currently, university higher education funding is allocated on a course basis, with the course attached to the relevant price group to identify the funding allocated. However in future, the Scottish Funding Council intend to allocate university higher education funding on the basis of the relevant price groups of individual units within a course, rather than the award itself. This will impact on all UHI partners and further analysis is being undertaken at a UHI level to fully understand the implications of this change.

What is clear is that colleges must maximise income from sources other than the Scottish Funding Council in order to remain financially sustainable and support future growth and investment. It is a requirement of the Financial Memorandum between the College and UHI as the Regional Strategic Body that the College plans and manages its activities to remain sustainable and financially viable. It states that “A College is being managed on a sustainable basis if, year on year, it generates sufficient income to cover its costs and allow for maintenance of and investment in its infrastructure (physical, human and intellectual) at a level which enables it to maintain adaptive capacity necessary to meet future demands.”

Audit Scotland, in their report “Scotland’s colleges 2016”, recommended that colleges develop long-term (minimum of five years) financial strategies underpinned by medium-term financial plans that link to workforce plans and take account of significant financial pressures such as national collective bargaining, estate development and maintenance and student support funding.

To address these challenges, the College believes that there is no single solution that will have the desired level of impact. Instead, the Finance Strategy recognises that the solution is a strategy of incremental gains and improvements across the College, spanning income generation through to cost effectiveness and efficiency.

The Finance Strategy is interdependent with all the College enabling strategies. The strategic objectives in many of our strategies form the building blocks for the Finance Strategy. In order to be successful and achieve our strategic aims as stated in the Strategic Plan 2017-2020, the strategies must demonstrate effective synergy.

Strategic Objective 1: To maximise the curriculum offer through the effective and innovative use of resources

We will achieve this by:

- Curriculum planning ensuring delivery of viable demand-led sustainable curriculum that matches available resources
- Thorough curriculum review ensuring that curriculum and methods of delivery meet student expectations including the identification of under-performing areas
- Effective timetabling to ensure deployment of assets is maximised and campus provision is operating efficiently
- Continual review of operations to maximise efficiencies in staffing and other resources
- Forward planning and environmental scanning enabling the College to anticipate future requirements and plan for these
- Increasing the flexibility of our estate to meet demand and support growth opportunities
- Working with our facilities provider and other suppliers to secure efficiencies in our estate and reduce waste

Strategic Objective 2: To develop integrated reporting to better inform decision making

We will achieve this by:

- The development of a barometer containing summary performance indicators from a range of underlying data sources to provide a clear, transparent and comparable tool
- The completion of detailed course costings on a consistent basis as an integral element of the validation process, and subsequent review and evaluation of effectiveness and sustainability
- Clear understanding of the differing needs of budget holders leading to enhancement of financial monitoring reports to better meet those needs
- Investing in our financial and management information systems to improve data capture and remove manual processes
- The development of corporate monitoring reports to include more non-financial and qualitative data
- Working with UHI Executive Office and academic partners to identify information requirements

Strategic Objective 3: To increase non-SFC income streams

We will achieve this by:

- Curriculum review, ensuring that curriculum and methods of delivery meet student expectations and are attractive to full fee paying students
- Continually assessing our wider offer and effective promotion of all resources, both physical and human
- Identifying and acting on opportunities for contract research and consultancy
- Working with stakeholders such as government agencies, third sector agencies and industry to increase the provision offered
- Ensuring that all levels, Foundation, Modern and Graduate, of apprenticeship curriculum are current and will provide students with the relevant skills to meet employer expectations
- Working with employers to understand their needs and expectations, and tailoring our commercial offering to match
- Effective, targeted promotional campaigns
- Actively seeking new stakeholder engagements
- Considering the impacts to the Highland workforce resulting from UK immigration policy after leaving the EU and working with key stakeholders to identify priority areas for skills development

Strategic Objective 4: To increase the number of full fee paying students

We will achieve this by:

- Trans National Education (TNE) using specific models and products appropriate to this activity and attractive to prospective students
- Setting challenging but achievable targets for recruitment of an appropriate cohort of students per year
- Working with UHI to invest in effective marketing and promotion of identified curriculum in targeted international recruitment
- Working with UHI to ensure that student applications are processed efficiently and effectively thereby increasing the conversion rate
- Identifying and focussing on specific markets through the effective use of market intelligence
- Establishing and articulating market status through inclusion in relevant league tables
- Adding value to the offer for full fee paying students
- Providing an excellent student experience which will raise the profile and standing of the institution

Strategic Objective 5: To engage with UHI to further strengthen delivery formats, meet student expectation and satisfy the needs of stakeholders

We will achieve this by:

- Engaging with academic staff across the UHI partnership to identify suitable options

- Using data available to identify strengths and expanding on these whilst also identifying opportunities for change and cost effective growth
- Full participation in relevant pan UHI curriculum planning forums and processes
- Monitor the qualitative experience through curriculum planning, student feedback and stakeholder focus groups

Strategic Objective 6: To develop staff awareness and knowledge of the benefits of effective resource allocation and their responsibilities in maximising efficiency

We will achieve this by:

- Supporting staff in achieving efficiency savings and/or gains through the introduction of efficiency targets
- Working with staff at all levels to continually review costs and understand their responsibilities regarding economy, efficiency and effectiveness
- Clearly articulating to staff the benefits to be realised from incremental / marginal gains and how all staff can contribute towards financial sustainability
- Continually reinforcing the importance of accurate, timeous data, particularly in relation to student and course data within the student information system
- Quarterly high level reporting to middle and senior managers
- All staff e-newsletter, workroom briefings, staff conference and discussion through meeting and committee agendas
- Providing training sessions that are relevant, concise and supported by appropriate materials
- Supporting individual staff with training and guidance, regularly checked through PDR oversight
- Reviewing processes and procedures, working with staff to identify and remove non-value activities
- Rolling out the procurement process to all staff and developing appropriate mechanisms to monitor success, including evaluation of added value benefits secured through effective procurement practices

Key Performance Indicators

KPI
Non-SFC income as a % of total income – Objectives 3 and 4
Days ratio of cash to total expenditure – Objective 6
Staff costs as a % of total expenditure – Objectives 5 and 6
Staff costs as a % of total income – Objectives 3, 5 and 6
Underlying operating surplus/(deficit) as a % of total income – overall measure of financial sustainability
Full fee paying students as a % of target – Objectives 4 and 5
Student to Staff Ratio – SSR – Objectives 1, 2, 5 and 6

Cross Reference to Strategic Plan

This strategy links to the following strategic aims:

Strategic Aim
Student Life We will build a vibrant campus community that all of our students are proud of, and within which they are engaged and supported to reach their potential. We will strengthen our existing relationships between our students, staff, employers and the wider community to further increase student participation and the student voice
Curriculum We will offer a progressive curriculum that is valued by our students, employers and the communities we serve, and that is delivered in a variety of ways to make it accessible to all. We will ensure the curriculum remains relevant, responsive to demand and aligned with employment opportunities, providing a range of progression pathways that contribute to the economic growth and social cohesion of our region.
Professional Practice Recognising that people have the greatest influence on our success, we will operate in a positive culture where we stretch ourselves to deliver the highest standards of service, support and delivery that exceeds expectations.
Organisational Development As a highly regarded organisation, we will attract and retain talented employees committed to achieving shared goals. We will create a supportive, collaborative and dynamic environment where students and staff are inspired to learn and develop. Our high performance culture will be underpinned by a dispersed leadership model, within which teams are empowered to deliver and share accountability for outcomes.
Research and Innovation We will build upon our successes in research by strengthening our impact and excellence and growing our regional and international reputation. We will continue to support and grow an innovative and inspired postgraduate researcher community. Our research will directly inform innovation and entrepreneurship activity in key sectors regionally and internationally
Sustainability We will ensure our continuing financial stability by developing income streams and promoting efficient, effective service delivery. We will work collaboratively to enhance the prosperity of the regional economy. We are committed to acting responsibly by protecting our environment, maintaining and developing our infrastructure and managing our risks.