

**MINUTES of the MEETING of the FINANCE AND GENERAL PURPOSES COMMITTEE held in the Board Room, 1 Inverness Campus on Thursday 2 June 2016**

**PRESENT:** Brenda Dunthorne, Brian Henderson, Helen Miller, Diane Rawlinson, Neil Stewart

**CHAIR:** Neil Stewart

**APOLOGIES:** Hector Douglas (co-optee), Mick Longton, John Wilson

**ATTENDING:** Depute Principal  
Director of Corporate Services  
Director of Business Development (item 1)  
College Secretary

*The Chair recorded his thanks to Hector Douglas for his continued input as a co-opted member. It was unfortunate that he had not been able to attend this meeting as his period of co-option had come to an end. The committee wished him well for the future.*

*The Chair proposed that the order of the agenda be changed, by discussing agenda item 10 at the start of the meeting, to allow the Director of Business Development to speak to her report and then depart for another meeting. This was agreed.*

**1. BUSINESS DEVELOPMENT REPORT**

The Director of Business Development referred to her report and highlighted the main issues as follows:-

- A Business Development Strategy for ICT had been approved by SMT. Civil Engineering & Customer service and Health, Medical & Wellbeing strategies were 50% complete.
- An Employer Survey was undertaken in March and April 2016, showing an overall satisfaction rating of 7.4/10. An action plan was being developed to increase the rating to 8/10 by March 2017.
- Business Development successfully led a bid for the contract to provide Catering and Hospitality services for HIE at our neighbouring building An Lochran. A bid had been submitted to secure transition training funding relating to the Oil and Gas industry downturn, to which the College was awaiting a response. A further bid was underway for Digital Skills Development.
- Business Development income was significantly ahead of the phased budget at end April 2016, £298K against a budget of £192K. Associated delivery costs were also slightly ahead of budget resulting in a surplus of £85K against a budget of £3K. Five additional commercial courses had been scheduled during 2016 to meet increasing demand.
- Large events for May included: the Birchwood Highland Gala Dinner and the Highland & Moray Food Festival.
- Training Contracts Modern Apprenticeship Contract for 2015/16 £366K was achieved end March 2016.

- The new Modern Apprenticeship (MA) recruitment service was proving popular with employers and a refocusing of activities in Training Contracts was resulting in increased interest, particularly in Aquaculture and Motor Vehicle.
- The College would be delivering Business Improvement Techniques and ICT Modern Apprenticeships for the first time in 2016/17. Other new Modern Apprenticeships being explored with employers were Sporting Excellence (Football) and Journalism.
- CREATE's UKCES Catalyst Programme was close to completion and receiving excellent feedback.
- Work was underway to scope potential for the development of PGCE and/or Masters programmes in relation to Enterprise and Entrepreneurship.
- The International team's "Scottish Experience" programme was underway and receiving good feedback. 24 students from private Universities in Utah and Florida were currently here on their summer school and the next group was due to arrive later in June.

The Committee discussed the opportunities for more MA and short course provision and welcomed the international links which were now in place as a result of the work put in over the last few years.

## 2. **MINUTES OF THE MEETING OF THE FINANCE AND GENERAL PURPOSES COMMITTEE HELD ON 10 MARCH 2016**

The Minutes of the Meeting held on 10 March 2016 were **ACCEPTED** as a correct record, were **APPROVED** and signed.

## 3. **REVENUE BUDGET 2016/17**

A report by the Director of Corporate Services presented the revenue budget for 2016/17. Within the college Finance Strategy, there were 5 key objectives to ensure that the college achieved financial sustainability. To ensure this was achieved, the key aim for the college within the revenue budget for the coming year was to plan for a break even position or better and within the budget set.

If the budget was agreed, targets for each of the KPI's within the Finance Strategy would be set and reviewed during the year.

Financial estimates now presented, whilst not being the culmination of the budget process for 2016/17, did represent current estimates of income and expenditure in the coming year based on available information, budget assumptions and current levels of operational activity.

The budget was the culmination of months of work being undertaken, through the curriculum planning process, to ensure that the budget and resources were linked directly to the curriculum, through the Curriculum Plan.

The key items for the College's funding for 2016/17 were as follows:-

- The College's FE allocation of funding for 2016/17 was based on a target of 28,569 credits, which was the same as 2015/16. On 9 May the SFC announced a 1% increase 'to all (FE) teaching grants'. This would partly fund the recent pay award but an announcement was awaited regarding

additional monies to fully fund the pay award. The SFC recurrent grant was £7,696,000

- The HE allocation of funding was not yet finalised, but the current estimate was for an increase in grant to £4,792,000 for 2016/17 compared to £4,399,000 for 2015/16, an increase of £393,000. This grant figure was based on the college achieving an activity target of 1,622 FTE in 2016/17, compared to our target figure of 1,450 FTE in 2015/16, an increase of 172 FTE or 11.9%.
- The other areas of income and expenditure were shown as follows:-

	2015/16 Projected Outturn	2015/16 Budget	2016/17 Budget	Variation To 2015/16 Budget	
	£000	£000	£000	£000	%
<b>INCOME</b>					
SFC Recurrent Grant	7,407	7,420	7,696	276	4%
SFC Other (Specific) Grants	185	247	181	-67	-27%
Unitary Charge	4,594		4,635	4,635	
UHI total grants	4,762	4,399	4,792	393	9%
Student Support Funds	2,275	2,198	2,225	26	1%
Fees and Charges	3,162	2,871	3,143	272	9%
Training Contracts	365	487	400	-87	-18%
European Funding	48	0	250	250	
Other Income	2,020	1,593	2,154	561	35%
Deferred Grant	2,119	2,119	2,119	0	0%
<b>TOTAL INCOME</b>	<b>26,937</b>	<b>21,335</b>	<b>27,594</b>	<b>6,259</b>	<b>29%</b>
<b>EXPENDITURE</b>					
Staffing / Payroll	12,659	12,544	13,757	1,212	10%
Staff Related	227	282	282	0	0%
Property	1,305	1,541	1,175	-366	-24%
Unitary Charge	3,971		4,114	4,114	
Transport	87	83	83	0	0%
Supplies and Services	3,754	2,507	3,780	1,273	51%
Student Support Funds	2,460	2,198	2,225	26	1%
Depreciation and Pensions Charges	2,179	2,179	2,179	0	0%
<b>TOTAL EXPENDITURE</b>	<b>26,642</b>	<b>21,335</b>	<b>27,594</b>	<b>6,259</b>	<b>29%</b>
<b>Operational Surplus</b>	<b>294</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>



Detailed information had been provided on the assumptions made and methods of calculation used in arriving at the budget for 2016/17. This would allow the Committee to consider whether an appropriate balance of risk had been adopted in determining forecasts for income and expenditure, and to indicate aspects of forecasts which might be more open to estimation than others. To assist in this process, a risk assessment had been carried out on the budget for 2016/17 and this highlighted an overall downside risk of up to £650k, with the main areas of risk again being the grants and the associated fee income for both FE & HE activity.

The Committee discussed the budget in detail and **REQUESTED** that the Director of Corporate Services provide more information within the report on the breakdown of figures in a number of areas so as to provide board members with a greater understanding of both income and expenditure levels including

- The provision of figures for ESOL and EMA and for leadership payments
- An explanation of the different figures under the income and expenditure headings for the Unitary Charge

The Committee also **REQUESTED** that further commentary be provided in the report to

- highlight the growth and success stories during the current year to show how the surplus was achieved
- demonstrate the pressures in setting a break even budget for 2016/17 when the surplus could not be used for the teaching resource or for staff pay increases because it was not recurrent.

The Committee **AGREED** to **RECOMMEND** the 2016/17 revenue budget to the Board of Management for approval but highlighting that there were a number of potential variances because final funding levels had not been confirmed by other stakeholders.

#### 4. **CAPITAL EXPENDITURE PLAN FOR 2016/17**

A report by the Director of Corporate Services provided the committee with the draft plan for Capital Expenditure for 2016/17.

Description	Budget Amount £
I. C.T. Equipment ( <i>including replacement PC's, NAS back-up solution for off-site storage and VC equipment</i> )	40,000
General Equipment ( <i>including laboratory equipment</i> )	27,000
Buildings ( <i>all building capital expenditure including any necessary adjustments of the new campus buildings</i> )	148,000
<b>Total</b>	<b>215,000</b>

<b>Funded By</b>	<b>Amount £</b>
SFC – estimate	67,000
UHI - estimate	148,000
<b>Total</b>	<b>215,000</b>

The grant funding from SFC for 2016/17 for academic partners had not yet been agreed at the Further Education Regional Board. However, the indicative figure that had been provided was £67,000 (2015/16 was £90,000), which related to the capital element of the overall grant. The revenue element of the grant, which would be used to partly fund the unitary charge payments in the new campus buildings was £149,000 (estimate) for 2016/17, (2015/16 was £198,000). These reductions reflected an anticipated 25% reduction in SFC capital / estates maintenance funding.

The UHI funding was expected to be £148,000 (estimate, subject to approval by HEPPRC) for 2016/17, 10% less than £165,000 in 2015/16.

Overall, the Capital Expenditure Plan for 2016/17 showed a total budget figure of £215,000, and was matched with the funding available of £215,000, compared to the funding for 2015/16 of £255,000, a decrease of £40,000 or 15.7%.

All 2016/17 capital funds had to be spent by 31 March 2017 (in 2014/15 and previously there had been flexibility around this) and it had to be on capital items, as described in the colleges accounting policies.

In previous years, part of the capital expenditure plan included resource plan requests from academic and support departments but due to the nature of these requests a number of them would now be funded from another college resource, as they were mostly revenue items.

The Committee **AGREED** to **RECOMMEND** the draft Capital Expenditure Plan for 2016/17 to the Board of Management for approval.

## 5. **STUDENTS' ASSOCIATION BUDGET 2016/17**

A report by the Director of Corporate Services outlined the proposed budget for the Students Association for 2016/17. Projected income was £15,200 with projected expenditure being £15,750. The Association held quite substantial reserves which would cover this overspend.

The key elements key elements within the budget were:-

- A move towards achieving financial sustainability on an on-going basis, with the 2016/17 budget deficit significantly lower than 2015/16 actual / forecast.
- Working with the college CREATE team to plan for events, merchandising and other fundraising ideas to raise additional funds for the student association.
- Review of the expenditure of the student association and to become more efficient with their budget resources.

- Aiming to fully realise the potential of the Beechwood shop's prime location in terms of stationary and hoodie sales from the start of the new academic year.

The Committee **NOTED** the Students' Association Budget for 2016/17

## 6. **PROPOSED FEES FOR 2016/17**

Under the terms of the Further and Higher Education (Scotland) Act 1992, College Boards of Management were required to set and charge fees for education provision. A number of fee rates over which the Board had no control had now been confirmed by the Scottish Funding Council (SFC). However, for those fees set at the discretion of the Board, there was a requirement to establish fee policy for 2016/17 at this stage of the year in order that charges could be considered within marketing activities and included in promotional materials for the coming year.

A report by the Director of Corporate Services outlined the proposed schedule of fees for 2016/17.

The Committee **RECOMMENDED** to the Board of Management **APPROVAL** of the proposed schedule of fees for HE & FE FT for 2015/16 as well as fees for

- Part-time FE level courses and fees from non-EU students on FE programmes
- Overseas student FE fees
- commercial courses (which would be subject to market forces and adjusted accordingly)
- nursery
- professional development award (PDA)

all as set out in the appendices to the report.

## 7. **FINANCE MONITORING REPORT**

A report by the Director of Corporate Services provided the results of the finance monitoring exercise to March 2016 under the following headings.

- Income & Expenditure Report – month, year to date (YTD) and year end.
- Income & Expenditure Report – showing actual & forecast for the year.
- Cash Flow Analysis - month, year to date (YTD) and year end.
- Monthly & cumulative cash position, in graphical form.
- Cash flow forecast – showing actual & forecast for year.
- Debtors Report – showing business & student debt split, in graphical form.
- Creditors Report – showing creditor payment days in graphical form.
- Summary Income & Expenditure and cash flow information for comparison purposes, which show budget, forecast and variance.
- Wsum's trend information.

The Committee discussed the monitoring report in detail and **REQUESTED** the Director of Corporate Services to provide more information on the variances in a number of areas, e.g. staff costs, so as to provide board members with a greater understanding on the reasons for these adjustments.

It was also **REQUESTED** that monthly phasing figures should be looked at and adjusted to reflect most recent trends, that the student support funds should be included in the monitoring report and that the split in the Unitary charge, as shown in the revenue budget report should be carried forward and included in the 16/17 budget monitoring exercise.

The Committee further **REQUESTED** that the Director of Corporate Services review the timescale of creditor payments as there was concern that the average invoice payment period was 33 days, over the 12 month period to March 2016, and that this did not comply with the requirements set out in the Scottish Public Finance Manual.

The Director of Corporate Services confirmed that he would remove the appendix relating to WSUMs as this was no longer relevant and also the £50,000 risk relating to the SFC FE recurrent grant from the risk table.

#### **8. CAPITAL EXPENDITURE PLAN REPORT 2015/16**

A report by the Director of Corporate Services provided an update on the Capital Expenditure Plan as at March 2016, which also included the New Campus project. The key points to note from the report were:

- Actual Capital Expenditure to March 2016, was in line with the Capital Expenditure plan.
- The New Campus project actual expenditure to March 2016 was £11,310,418 compared to the budget of £11,479,444, an underspend of £169,026.

The Committee **NOTED**

1. the outturn of £255,000 for the overall plan for 2015/16, which matched the budget.
2. the current position in terms of the New Campus project spend.

#### **9. EDINBURGH SCHOOLS STRUCTURAL ISSUES**

A report by the Director of Corporate Services provided an update on the structural issues reported in several Edinburgh schools constructed since 2000 as part of a PFI. The contractor named in association with the building of the schools was Miller Construction, the same contractor that started the construction of the Inverness College UHI estate, prior to being taken over by Morrisons Galliford Try.

All public sector organisations that had construction contracts with Miller Construction were tasked by SFT to ask the relevant SPV what they were doing to provide reassurance that their buildings were structurally safe. Furthermore, each public sector organisation was asked to complete and return a spreadsheet explaining what action had been taken to provide the necessary assurance of structural stability and any outcome of this action.

The letters of assurance provided by the contractor and GTEIL together with the Fairhurst structural survey indicated that the structural issues identified in relation to the Edinburgh schools were not relevant to Inverness College UHI and there was nothing to suggest that there were any structural defects in the Inverness College project buildings.

The Committee were pleased to **NOTE** the outcome of the various investigations.

#### **10. GALLIFORD TRY FACILITIES MANAGEMENT (GTFM) MONITORING REPORT**

A report by the Director of Corporate Services provided an update on the performance of GTFM in respect of the facilities management project

GTFM continued to perform below the standard stipulated in the facilities management contract. Scottish Futures Trust (SFT) were working closely with the College to ensure that the terms of the contract were adhered to and that performance improved.

On-going issues were:

- Outstanding snagging/building defects;
- Poor response rate to submission of ACNs (authority change notices)
- Very low levels of reporting of performance issues/unavailability by GTFM personnel
- Inaccurate reporting and calculation of deductions against the monthly GTFM reports submitted to the College by GTEIL.

The report also provided details of the decommissioning of the Longman and Midmills buildings, including a security breach which was the subject of an ongoing police investigation. The Principal confirmed that a report on the breach had been sent to the Information Commissioner.

The Committee **NOTED** the report.

#### **11. ICT SERVICES REPORT**

A report by the Director of Corporate Services provided an update on the activities of the ICT Services department which included

- New Campus ICT, including infrastructure and connectivity as well as snagging issues.
- Information Security
- UHI Intranet Solution
- UHI Wide Projects including the LAN Project Board and the SCCM (System Centre Configuration Manager)
- Records Management

The Committee **NOTED** the report.

#### **12. DEBT WRITE-OFF REPORT**

A report by the Director of Corporate Services listed the debts written off by the Principal under delegated powers since the last meeting. As part of the regular review of the debtors' ledger, the report highlighted debts which, having gone through both the College's recovery procedures and the College's debt recovery agents, Incasso, had been identified as not being recoverable.

The Committee **NOTED** the debts written off by the Principal.

#### **13. MINUTES OF MANAGEMENT COMMITTEES**





The Committee **NOTED** the minutes of the meetings of the following academic committees:-

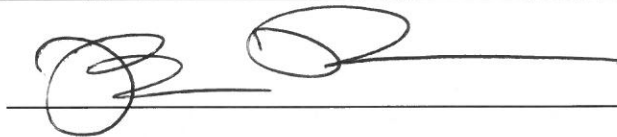
- a) Business Development Committee – 19 January 2016
- b) Business Development Committee held on 22 March 2016

**14. DATE OF NEXT MEETING**

Provisional – Thursday 22 September 2016 at 8.45 a.m.

*The Chair congratulated Stephen T Wells on his appointment as Director of Corporate Services and thanked him for the work which he had carried out in his interim role.*

**Signed by the Chair:**



**Date:**

22/9/16