



University of the
Highlands and Islands
Argyll College

Oilthigh na Gàidhealtachd
agus nan Eilean
Colaiste Earra-Ghàidheil

JOINT MEETING OF THE AUDIT AND FINANCE & GENERAL PURPOSES COMMITTEES

to be held at 2.05pm on Friday 27 November 2020

by Webex Teams

Tel 07384 246325 Dial-in Code - 1755691455@uhi.webex.com

Chairs: Scott Matheson and John Colston

A G E N D A

Item no		Status For:	Papers
20.4.1	Welcome		
20.4.2	Declarations of interest & to identify any items deemed confidential		
20.4.3	Minutes of previous meetings of: <ul style="list-style-type: none"> Audit held 18th September 2020. F&GP held 2nd October 2020. 	To approve To approve	Attached Attached
20.4.4	Outstanding Actions <ul style="list-style-type: none"> Action list – Audit Action list – F&GP 	To review To review	Below Below
20.4.5	Matters arising (a) Nursery update	For information	Oral
20.4.6	Capital Infrastructure Investment: New Dunoon Learning Centre	To discuss	To follow
20.4.7	Risk Register	To consider	Attached
20.4.8	Internal Audit reports 20/21– <ul style="list-style-type: none"> a) Staff Development b) Health & safety c) Payroll d) Follow up reviews e) Internal Audit Annual Report 2019/20 	For information For consideration For consideration For consideration For consideration	Attached To follow To follow To follow To follow
20.4.9	External Audit plan – update	For information	Oral
20.4.10	Management accounts to 31 October 2020.	For consideration	To follow

Please send any apologies or questions to Vicky (Secretary to Board): victoria.daveney@uhi.ac.uk /
mobile: 07384 246325

20.4.11	Draft Union Recognition – update	For information	Oral
20.4.12	Terms of Reference – to review	To discuss	Attached
20.4.13	AOCB • RAM Consultation	For information	Attached
20.4.14	Date of next meeting: Date to be confirmed at board meeting on 11 December 2020.		



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Outstanding Actions - Audit

		Responsibility	Deadline
September 2020			
November 2020			



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Outstanding Actions – F&GP

		Responsibility	Deadline
September 2020			
Capital Expenditure Plan	To be produced for committee's information as requested	AEC	Feb 2021
November 2020			

**Final Version of the
Finance & General Purpose Committee
held at 12.30pm on Friday 2nd October 2020
via Webex Teams**

Present: John Colston (JC), Chair, Jim Findlay (JF), Martin Jones (MJ), Maggie Tierney (MT)
Apologies: Andrew Campbell (AMC), Bettina Sizeland (BS)
In Attendance: Elaine Munro (EM), Ailsa Close (AEC), Vicky Daveney (VD) (Board Secretary)

No	Item	Action
20.3.1	Welcome – JC welcomed all committee members to the meeting.	
20.3.2	Apologies & declarations of interest. Apologies were received from Andrew Campbell (AMC) and Bettina Sizeland (BS). JF declared his position as a local authority councillor.	
20.3.3	Minutes of previous meetings. JC asked AEC if a Capital Expenditure Plan is expected. AEC confirmed that it will be available at a future meeting. Minutes of F&GP meeting held on 12 June 2020 were approved. The minutes to be signed by Chair as an accurate record of the meeting.	JC/VD
20.3.4	Matters arising. i) Update on nursery AEC confirmed that Argyll & Bute council will be leasing the building for 6 months. They will be carrying out identified maintenance on the building in exchange for suitably reduced rent. Lawyers are to produce a draft lease. JC was encouraged by this news.	
20.3.5	External audit plan Noted.	
20.3.6	Management Accounts to 31 July 2020 JC confirmed for the benefit of the committee that these are draft management accounts and that signed accounts will not be ready by the 31 st December. SFC has been consulted with about late submission for this year and are sympathetic to this in accordance with published guidance for extended deadlines due to COVID 19. JC asked AEC if there was anything which might be difficult or controversial for the board which may be brought up by the audit. AEC stated she felt the one area of concern for the auditors would be outstanding debts for the nursery. JC asked for clarification that there are no future concerns for the college and asked if the committee were content to approve the audit delay. Approval was received. JC asked AEC if there was anything which required particular attention. AEC stated that the accounts are reporting a surplus slightly higher than budgeted surplus, but next year may be different owing to National Bargaining changes, which are likely to	

	<p>see staffing costs increase. AEC stated that that there may be a case for not pursuing nursery debtors as concerned about reputational damage in the local community. JC asked for questions from the committee. JF respected AEC's view that nursery debts should not be chased as the local community is struggling with the financial implications of covid-19. JC commented on the pension liability. AEC explained that it reflects updated actuarial calculations and unless the college were to close at short notice it would not apply. JC asked if the Helensburgh income is included in the accounts. AEC confirmed that it is not as a decision on how much to accrue for capital element is still to be agreed. MT asked if the distribution of underspent 20/21 HE teaching grants (RAM) from UHI had been confirmed. AEC stated that it is not being distributed amongst the partners. JC asked the committee if they were content to commend the draft accounts to the board. The committee was in agreement and JC commended this to the board.</p>	
20.3.7	<p>Draft Union Recognition Agreement To be discussed at the Board Meeting.</p>	
20.3.8	<p>AOCB</p>	
20.3.9	<p>Date of next meeting Committee Meetings – Friday 27th November, Location TBC Board Meeting – Friday 11th December, Location TBC</p>	
20.3.10	<p>Signed by</p> <p>..... Chair of Finance & General Purpose Committee</p> <p>Date</p>	

Capital Infrastructure Investment: New Dunoon Learning Centre

The priority to redevelop the Dunoon Learning Centre has been discussed for a number of years at Board level. In 2017 a bid was made to the UHI strategic investment fund to move to the Dunoon Library building but it was unsuccessful. Since 2019, the focus has been to create the opportunity for a bespoke new build, which matches the current and anticipated growth in activity within the town.

This need is rooted in the creation of a vibrant, inspiring student experience in a post-covid19 world. Whilst studying in Argyll will always be different to one in a bigger college within UHI such as Inverness or in places such as Glasgow, there are some key elements that do not exist in Dunoon and which should be non-negotiable for students regardless of location.

The college has plans to bring its activities into one physical location within the town. The current configuration is wasteful in terms of internal travel times, energy efficiency and the dispersal of activities within a small town makes it more difficult to maintain consolidated visibility and confidence in our facilities amongst the local population. There is identifiable drift in some students across the Clyde towards the central belt in courses that are delivered by the college in the town. Many pre-requisites are missing in the college buildings. There is no real space for peer or breakout learning due to the pressure on rooms. There is no space for 1:1 student interaction which is a real problem not just from a learning and teaching perspective but if the college is to meet the very real challenge of the student mental health agenda.

The specific identifiable benefits of a new building in Dunoon will:

- Provide an identifiable beacon for FE/HE learning within Dunoon which will match the 21st century learning environments in Primary/Secondary education and the aspirations in the town;
- Provide opportunities to tie in with Rural Growth Deal STEM agenda particularly in the context of computing and IT curriculum (building on strengths within Dunoon Grammar School) and raising aspirations of young people by getting them on the campus from an early age;
- Deliver a wider curriculum to meet growing demand and to stop any drift away from Dunoon;
- Level up schools activity particularly in engineering where the secondary school lags behind the new Oban High School which was built specifically with school/college activity in mind;
- Provide an environment which properly supports learners in the 21st century;
- Provide a key component to the enterprise/entrepreneurial ecosystem of Dunoon through linkage to DGS's identified strength, UHI's work in this area, as a potential co-working space and feeding the pipeline into HIE's Fairmile Building in driving the local economy.

The current built environment particularly constrains the nature and extent of 'hands on' practical courses which can be offered in what is the largest population area within rural Argyll.

The college recognises that in order to achieve the goal of a new building, there will need to be a funding coalition which can encompass the Scottish Funding Council, the RGD, HIE, UHI and the college's own reserves. The college has already applied for SFC funding as one part of the jigsaw. Following work over the past year with partners in the council, HIE, Skills Development Scotland, a

strategic outline case which allocates £750k to this project has been submitted to the Scottish Government for approval as part of the Rural Growth Deal.

The college has recently appointed a Strategic Projects Coordinator whose role amongst other things will be to progress this project when she starts at the beginning of December. An options appraisal of the three identified sites for the new building is scheduled.

The purpose of this paper is to propose the creation of a reserve of £1m for this activity. Any decisions to spend this allocation would be subject to full business case approval by the Board at a later date.

Risk Status	Risk Description	Causes	Impacts Evidence
Active	College estates not fit for purpose (students)	Learning Centres not purpose built or designed with 21st century student in mind. Ageing buildings based on much lower numbers of students from earlier times in the college	Increase in full-time and HE students numbers recorded, and learning expectations of students
Active	KPIs below national average	Limitations of estates and resource, need for staff development, pressure to recruit to meet targets, lack of quality learning experience?	KPIs
Inactive	Institutional, personal and sensitive data and/or services are disrupted, corrupted, lost, stolen or misused through serious inappropriate usage of IT systems or data, by internal users of the university partnership or external actors.	Lack of controls around information security and data protection. Poor staff awareness of existing policies and procedures and best practice with regards information security. Inappropriate business processes or practices that expose sensitive data to loss or misuse. Malicious, illegal or unintentional data leakage. Loss of an insecure corporate or personal device with corporate data on it while off campus. Loss or theft of IT equipment on campus. Inappropriate disposal of IT equipment. Larger than normal numbers of system users with widely distributed access rights and permissions given the size and structure of the university partnership. Badly configured technical infrastructure e.g. poor patching regime, firewalls configured incorrectly, anti-virus out of date, corporate mobile devices not encrypted.	Disruption of access to important information for short or sustained period. Permanent loss of unbacked up data through data corruption or malicious ransomware encryption. Prohibitive fines imposed by ICO. Adverse press coverage. Impact of disrupted, lost or stolen important information and services: loss of reputation, confidence and trust, financial penalties, official sanction, loss of business, poor performance in student KPIs e.g. NSS score, costs, resources and time taken to manage and rectify the incident

Active	Viability of delivery across the college region..	Continued reduction in unit of resource making small class sizes even more marginal, low recruitment, increases in costs particularly salaries	Difficulty in balancing budgets
Inactive	Failure to recruit target numbers of students	Lack of resources, student experience, space, and appropriate marketing	Potential reduction of income, failure to provide opportunities for local community, not meeting outcomes of CPP
Active	NRPA ongoing rollout	Implementation of national pay bargaining and a national pay scale for all staff	Potential unsustainable increase in college staffing costs due to agreed national pay bargaining increases. Funding only agreed to end of 2019/20
Active	Level of student funding not sufficient to meet the needs of the students, with reputational damage	Formula for distribution does not match need and profile of students	Level of student funding may be less than students get in other regions. This in turn may affect recruitment, retention and achievement.
Inactive	Possibility of failure to achieve assigned status to the region	Difficulty in providing SFC with their required assurance that College meets requirement.	College continues to be viewed as a "lesser" partner within UHI
Active	Adverse effects if ONS is imposed on college in future. Costs of potential change of accounting year and potential monthly reporting.	College sector reform legislation	Impact would be additional work to meet the reporting requirements driven by SFC through EO, changes to accounting processes

Inactive	<p>Decision not to be part of the Invitation to Tender for a new accounting system through UHI.</p> <p>Currently running Sage software for accounts production</p>	<p>Unable at point of tender to quantify likely cost of the new system, and any additional costs to the College at present are unaffordable.</p>	<p>Impact is that at future date we may be unable to provide reports in format required by EO, and be required to move to new system anyway, which may incur additional implementation costs</p>
Active	<p>College does not achieve allocated HE student number targets.</p>	<p>Failure to recruit sufficient students due to various factors such as: Covid 19 over ambitious PPF target, curriculum gaps, poor NSS results etc</p>	<p>Reduction of college income from UHI, regional student number target at risk resulting in possible clawback to SFC from UHI in year or reduction in future years grant.</p>
Active	<p>College does not achieve allocated FE Credit targets.</p>	<p>Failure to recruit sufficient students due to various factors such as: Covid 19 over ambitious target, curriculum gaps, ineffective engagement with local schools/employers.</p>	<p>Ensuring college has good reputation to drive students to come to us</p>
Active	<p>The institution has a poor reputation.</p>	<p>Significant or sustained adverse publicity, governance/management failure, negative comments on social media, poor academic results, poor performance in league tables, significant withdrawal rates</p>	<p>Inability to recruit students or attract and retain high calibre staff, inability to attract funding and/or develop strategic partnerships</p>
Active	<p>Disruption to services/projects and/or partnership working resulting from loss (temporary or permanent) of a key staff member.</p>	<p>Retirement, resignation, sickness or death in service of key staff member(s). Inadequate succession planning. Over reliance on individuals. Associated knock on impacts resulting from transition arrangements with staff acting up and possible failure of backfill solutions.</p> <p>Sparse staffing, key functions residing with one person with no alternatives.</p>	<p>Functioning of key parts of the college at risk. Projects delayed due to loss of continuity, corporate knowledge gaps and disruption/loss of established relationships and contacts.</p>

Active	Non-compliance with relevant statutory regulations.	Lack of awareness of relevant laws and penalties. Management failures. E.g General Data Protection Regulation, Bribery Act, Health and Safety Regulations, Freedom of Info Act, etc.	Loss, injury, financial and reputational damage.
Active	Governance Failure.	Governing body does not have an appropriate balance of skills and experience. Role of a governor/director is onerous and it is difficult to attract a broad range of high calibre individuals to serve for non-remunerated roles	The college has been able to recruit an above minimum number of directors but vacancies remain unfilled.
Active	Going over budget on expenditure - Financial failure/operating loss. Failure to implement savings as outlined in FFR	Increases in costs, lack of financial control. Impacts of Covid 19	Deficits incurred/exceeding budgeted costs/failing to meet income targets
Active	College estate not fit for purpose. (Support staff).	Lack of investment in capital maintenance/new capital project expenditure.	Having to rent additional space for support staff in Oban, no spare capacity in either Oban or Dunoon centres, poor working conditions for staff
Active	Academic quality is not excellent	Difficulty recruiting and retaining high calibre staff.	High level of withdrawal and poor retention.

Active	Poor Student Experience .	Dispersed campus with limited facilities for social interaction. Technology failures. Limited teaching/library resources. Poor teaching.	Poor performance in national student satisfaction surveys. Reputational damage. Impact on ability to recruit future cohorts. Risk to core income streams.
Active	Failure to develop a research culture and any research outputs are sub standard	Failure to publish sufficient quality papers and upload to PURE. Loss of key staff. Lack of funding. Inadequate resources allocated to research staff. Terms and conditions of employment are not comparable with competitor organisations. Impact of Brexit on access to European projects.	Damage to reputation. Brexit. Poor performance in next REF. Inability to retain staff and research teams. Reduced income.
Inactive	College nursery ongoing compliance with Care Commission requirements, numbers utilising nursery for paid 3-5 care falling and sustainability now in doubt, management and staffing issues.	Need for improved processes and policies and more integration with College systems and management. Parents apparently less inclined to pay for 3-5 childcare hours, may be to do with older siblings now being at school, may be a cyclical issue.	Falling level of fees from previous years. HMI report may lead to reduction in reputation and further reduction in fees/viability.
Active	Missing viable opportunities for development and growth	Lack of horizon scanning; Lack of ability to invest in opportunities; Insufficient planning; Being too risk averse; Failing to develop at the required pace; Funding allocations; Resource limitations.	Loss of income; Loss of reputation; Stagnation of curriculum; Missed opportunities for staff; Missed opportunities for students.

Active	Implication of outcome of EU Referendum leading to loss of EU Funding.	Political uncertainty over continuation or replacement of previous EU funding	Student recruitment. Uncertainty over funding arrangements particularly in relation to capital projects
Active	Poor relationship with stakeholders in Argyll, Bute and Arran	Lack of positive strategic engagement and partnership building.	Organisations engaging with other educational establishments
Active	UHI fails to reform into a more efficient, open and accountable partnership in financial and operational terms.	Failure of Programme Board activity	Adverse financial circumstances. Institutional malaise.
Active	Focus on UHI Partnership eclipses potential opportunities for partnership with other FE and HE institutions.	Inward looking mindset	Opportunities for external partner bidding eschewed.
Active	Dispersed Senior Management Team creates an operational and strategic barrier to the college and its future growth.	Recruitment of staff has historically been to any location.	Inefficient working patterns, opportunities to meet as a team
Active	Failure to embed a pervasive culture of Health & Safety awareness.	Lack of staff engagement and or understanding	Increased incidents or near misses. Failure to properly update risk assessments by appropriate staff.

Active	Failure to secure more credits to underpin FE expansion.	Inefficient allocation within the region which fails to fully take account of history of over and under delivery across UHI.	Inability to grow curriculum or be rewarded for expansion.
Active	UHI Reform diverts time and attention from Argyll College business (especially if it is protracted and struggles to deliver)	Willingness to change is not universally harnessed.	Status quo prevails
Active	Institutional, personal and sensitive data and/or services are disrupted, corrupted, lost, stolen or misused through serious inappropriate usage of IT systems or data, by internal users of the university partnership or external actors.	Lack of controls around information security and data protection. Poor staff awareness of existing policies and procedures and best practice with regards information security. Inappropriate business processes or practices that expose sensitive data to loss or misuse. Malicious, illegal or unintentional data leakage. Loss of an insecure corporate or personal device with corporate data on it while off campus. Loss or theft of IT equipment on campus. Inappropriate disposal of IT equipment. Larger than normal numbers of system users with widely distributed access rights and permissions given the size and structure of the university partnership. Badly configured technical infrastructure e.g. poor patching regime, firewalls configured incorrectly, anti-virus out of date, corporate mobile devices not encrypted.	Disruption of access to important information for short or sustained period. Permanent loss of unbacked up data through data corruption or malicious ransomware encryption. Prohibitive fines imposed by ICO. Adverse press coverage. Impact of disrupted, lost or stolen important information and services: loss of reputation, confidence and trust, financial penalties, official sanction, loss of business, poor performance in student KPIs e.g. NSS score, costs, resources and time taken to manage and rectify the incident
Inactive	Helensburgh Project fails to receive approved funding.	Grant funder fails to release monies.	College forced to shoulder the burden of expenditure already incurred

Active	Adverse effects of Covid19	Government Lockdown measures and social distancing	College staff and students forced to stay away from centres either individually or en masse, poor student recruitment and retention, stress for staff, strategic developments lose priority to extra operational complexity and uncertainty
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Board	5	3	15	Red
				0 Green

Principal	5	5	25	Red
Executive Team	2	2	4	Green

Principal	1	2	2	Green
Executive team	2	3	6	Amber

Finance Director	3	1	3	Green
SMT	3	3	9	Amber

SMT	3	3	9	Amber
SMT	3	3	9	Amber

Principal	4	3	12	Amber
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Board & SMT	3	4	12	Amber

Board	3	3	9	Amber
Finance Director	3	3	9	Amber

Board & SMT	4	3	12	Amber
SMT & Curriculum leads	3	3	9	Amber

Board & Executive Team	3	3	9	Amber
Principal	3	2	6	Amber

Principal	4	3	12	Amber
Principal	3	3	9	Amber

Board & SMT	5	4	20	Red
Principal	3	3	9	Amber

	3	4	12	Amber
	3	2	6	Amber

	3	3	9	Amber
Principal	3	3	9	Amber

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3 3 9 Amber

	3	3	9	Amber
Principal	3	4	12	Amber

SMT	4	4	16	Red
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Risk Trend	Actions To Minimize
Decreasing	<p>Senior Board and Management have met re estates priorities for the short and medium term. Develop estates strategy as part of 5 year plan for the orgn.</p>

Stable	<p>Quality Assurance Committee, review of recruitment procedures and offering, restructured management, role of Curriculum leads</p> <p>proactive monitoring of cybersecurity risks at university and academic partner senior management level. Common information security policy framework. Complete Information asset register. Business processes and practice where personal data is handled have been questioned and validated. Sensitive personal data is secured appropriately, handled correctly and accessed carefully by approved users. Partnership and local procedures that implement information security policies and best practice. Mandated information</p>
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Dialogue with SFC, H&I
FERB, EO and Scottish
Govt.

Stable

Dialogue with SFC, H&I
FERB, EO, Scottish Govt,
Colleges Scotland, other
relevant stakeholders.
Attempt to increase
income from other
sources.

Decreasing

Work with stakeholders

Stable

All actions required for
assigned status
recommendation have
now been accepted as
completed, and
assignation has been
recommended.

Decreasing

Outwith our control

Stable

Work with UHI EO to ensure financial info from Sage system remains appropriate and adequate

Decreasing

Ensuring college has good reputation to drive students to come to us

Stable

Ensuring college has good reputation to drive students to come to us

Stable

By having good governance, maintaining good external communications, dialogue with stakeholders, ensuring positive outcomes for students

Stable

Discussions starting to take place at Board level re succession planning for ET.

Decreasing

Staff training, use of expert consultants to keep the college informed & sharing good practice and learning with partner organisations.

Decreasing

Continue to monitor attendance and skills matrix, annual self-evaluation of Board members

Stable

Devolving and developing budget responsibility with ownership at delivery level where relevant.

Decreasing

Additional capital/backlog maintenance funding recently approved for 2019/20. Develop strategy and funding opportunities for all premises.

Increasing

New Curriculum Lead role devolving academic leadership closer to delivery

Decreasing

IT staff now working more closely with LIS, IT systems have seen a definite improvement. Ensure students benefit from favourable staff:student ratios

Decreasing

Decreasing

Ongoing Review of nursery function, investigation of costs and income will be carried out.

Increasing

Review appropriate staffing. Meaningful and enthusiastic engagement with stakeholders; encouragement for staff at all levels to engage.

Stable

Continue to investigate
wide/alternative
sources of funding

Increasing

Engagement with
councils, DYW and key
employers

Decreasing

Engage positively in
reform agenda

Decreasing

Encourage staff to
engage and build
partnerships wherever
they arise.

Decreasing

Use of technology and
maximise face to face
meeting opportunities
as they occur.

Decreasing

Health & Safety
consultant's work,
auditing and roll out of
improved staff training

Decreasing

Make the case for revised allocation approach.

Decreasing

Immediate focus is local.

Decreasing

proactive monitoring of cybersecurity risks at university and academic partner senior management level.

Common information security policy framework.

Complete Information asset register.

Business processes and practice where personal data is handled have been questioned and validated.

Sensitive personal data is secured appropriately, handled correctly and accessed carefully by approved users.

Partnership and local procedures that implement information security policies and best practice.

Decreasing

Mandated information

Continue to liaise with UHI.

Decreasing

Stable	Continue business continuity and mitigation planning
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Future Mitigating Actions

Develop Estates Strategy

Review of course delivery as part of planning process

Continue meeting with relevant stakeholders

Continue dialogue with SFC on shadowing of NRPA

Monitoring of potential spend related to student finance against allocation

Continue to monitor

Remain informed on position with accounting systems convergence.

Continue to review relevance of curriculum

Continue to review relevance of curriculum

Focus on Quality at all levels of the organisation

Continue discussions at Board level re continuity/succession planning

Ensure that good practice is embedded at all levels in the college

Use of skills matrix and monitor at Board meetings

Build up annual budgets based on departmental needs

Work with HIE and other partners to identify potential new premises.

Ongoing staff development

Work with Local Authority, HIE, SFC and Executive Office to develop accommodation

Improve management information system

Review of existing opportunities with view to prioritising action

Better organised business development role in the college. Encouragement of staff at all levels to en

Review recruitment approach for SMT members

Better use of intelligence sharing amongst staff of near misses etc

In relation to strategic developments, engage with SFC

Action Owner	Completion
Executive Team	01/12/2020

SMT	31/12/2020

Principal

Ongoing

Principal

31/12/2020

Head of Student Services

31/12/2020

Principal/Finance Director

31/12/2020

Finance Director	31/12/2020
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SMT	31/12/2020
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SMT	31/12/2020
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All staff	31/12/2020
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Principal	31/12/2020
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Executive team

Board Secretary

Finance Director

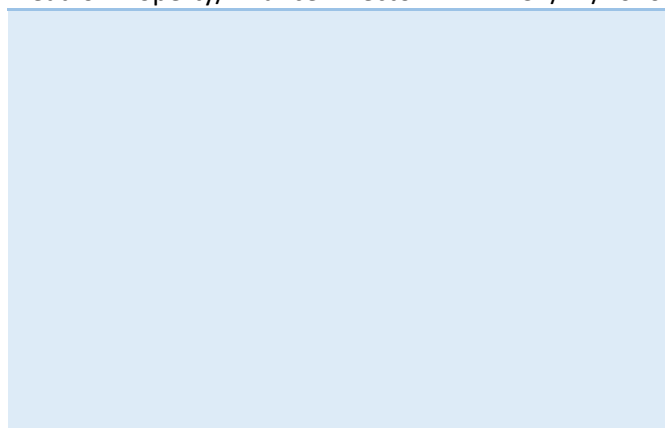
30/06/2021

Executive Team

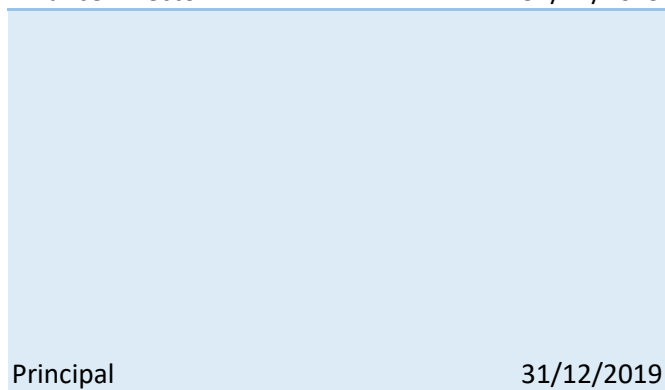
31/12/2020

SMT

Head of Property/Finance Director	31/12/2020
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Finance Director	31/12/2019
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Principal	31/12/2019
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Principal

31/10/2020

Principal

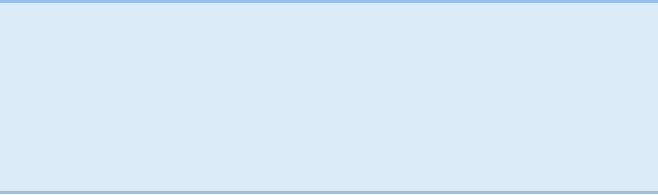
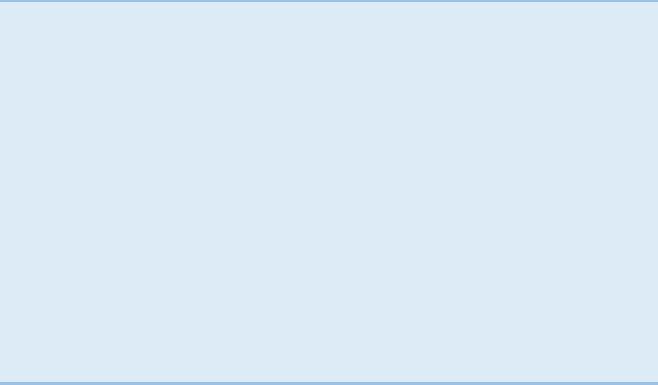
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Principal

30/10/2020

Principal

30/09/2020

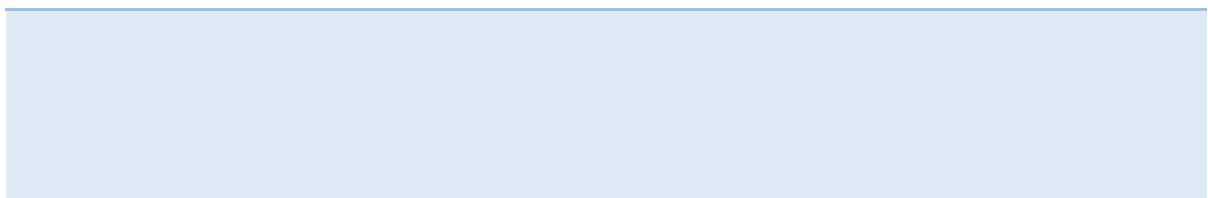
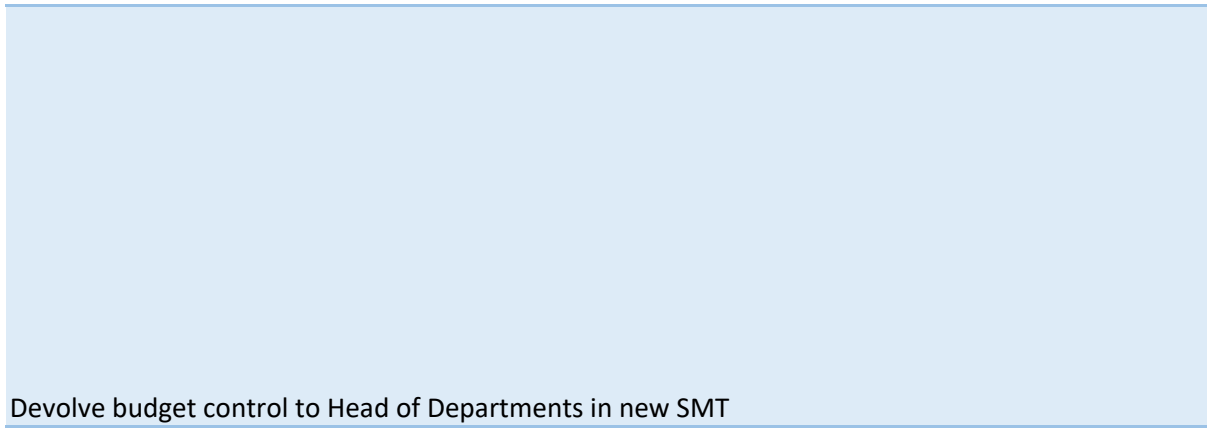
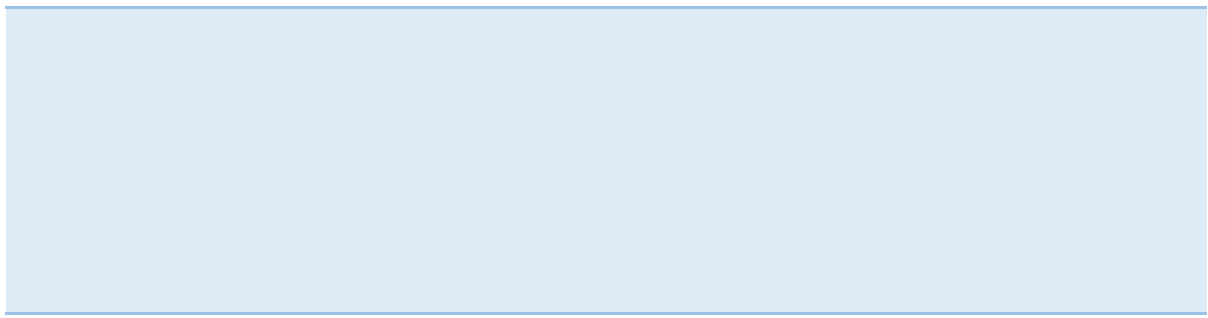


Ongoing

Future Mitigating Actions 2

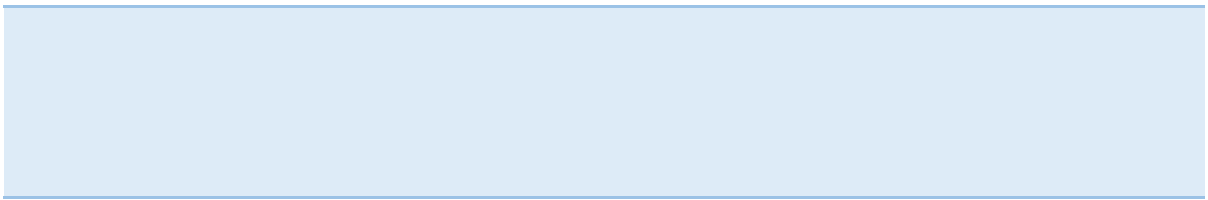
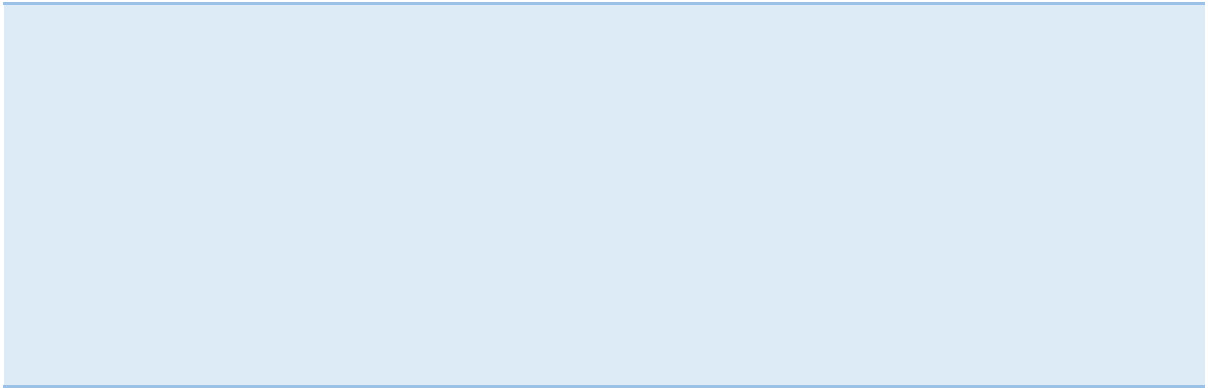
Continuing discussions with local authority and other relevant agencies over available premises in ot

Explore more partnership/networking opportunities with partner and other colleges



Continue to invest in IT and be aware of developments in technology, develop BYOD, etc

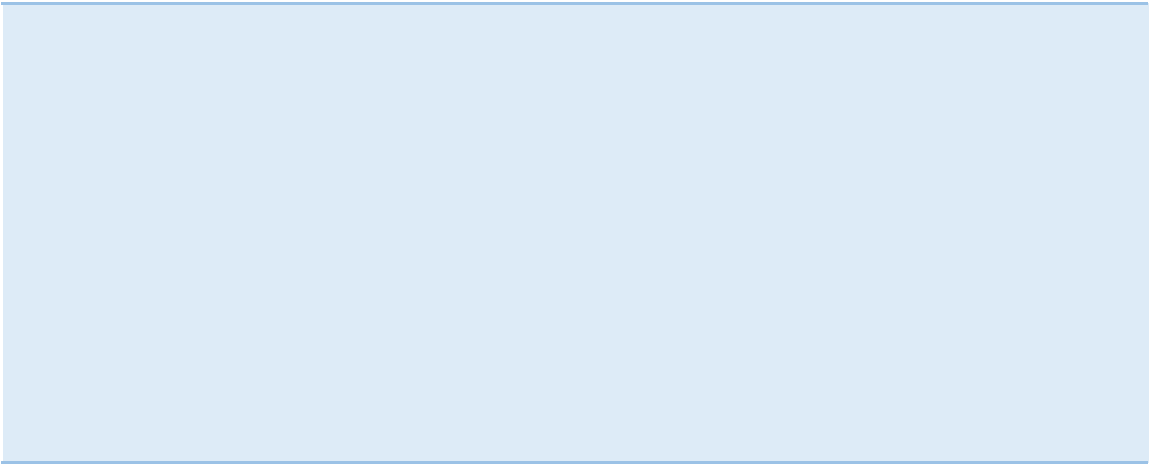
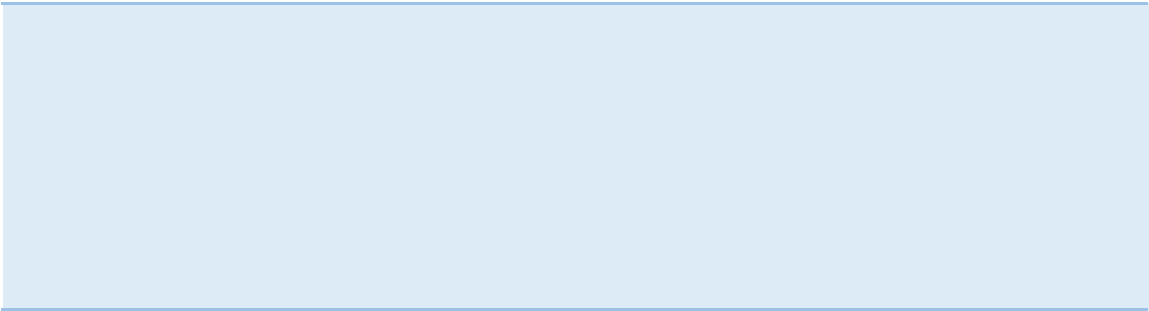
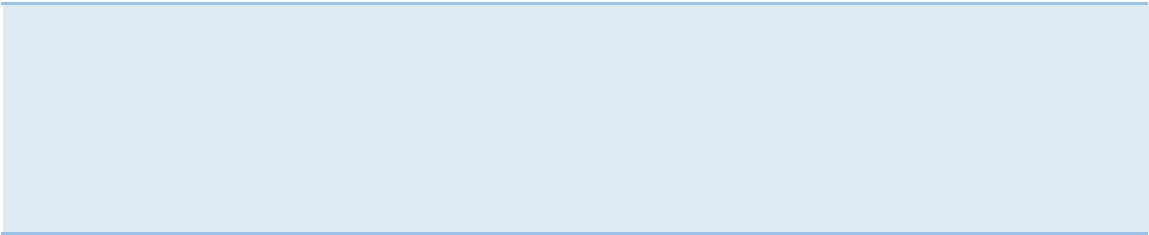
Review nursery operations and management processes

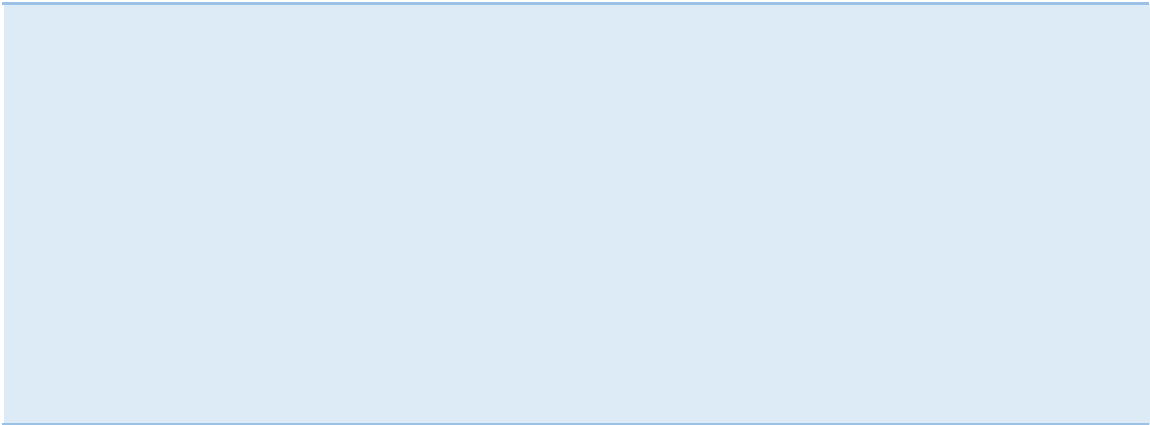
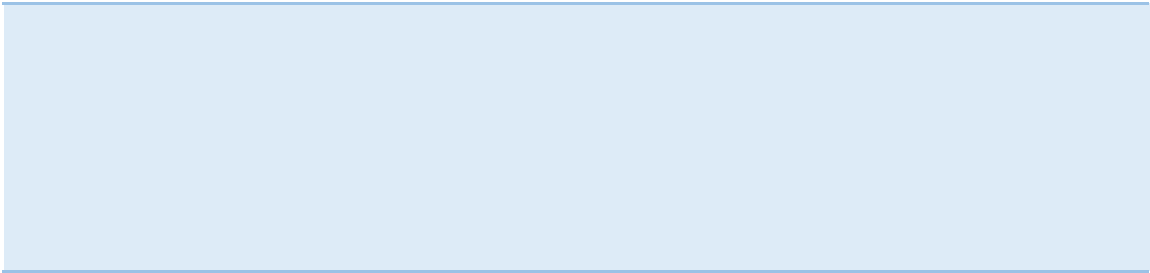


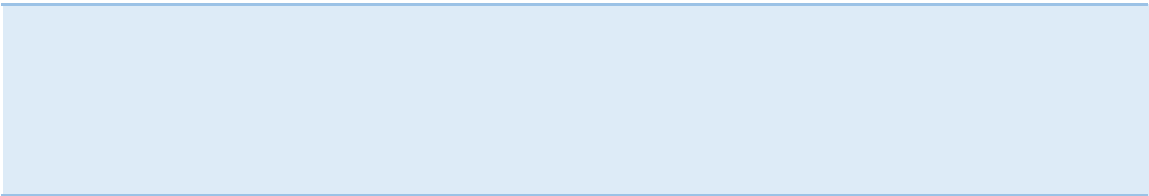
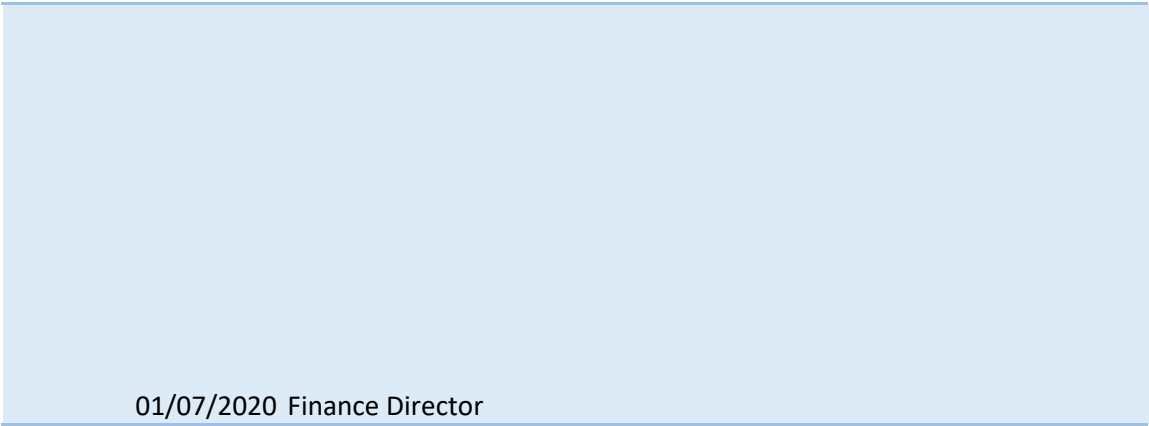
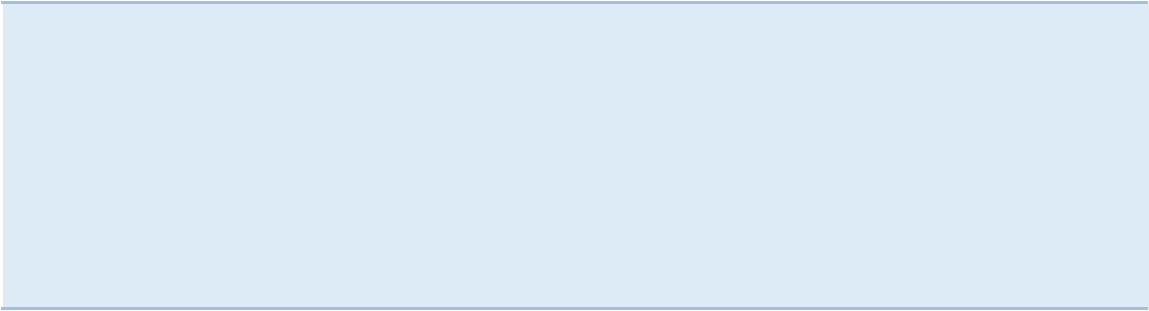
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31/12/2020 Principal			

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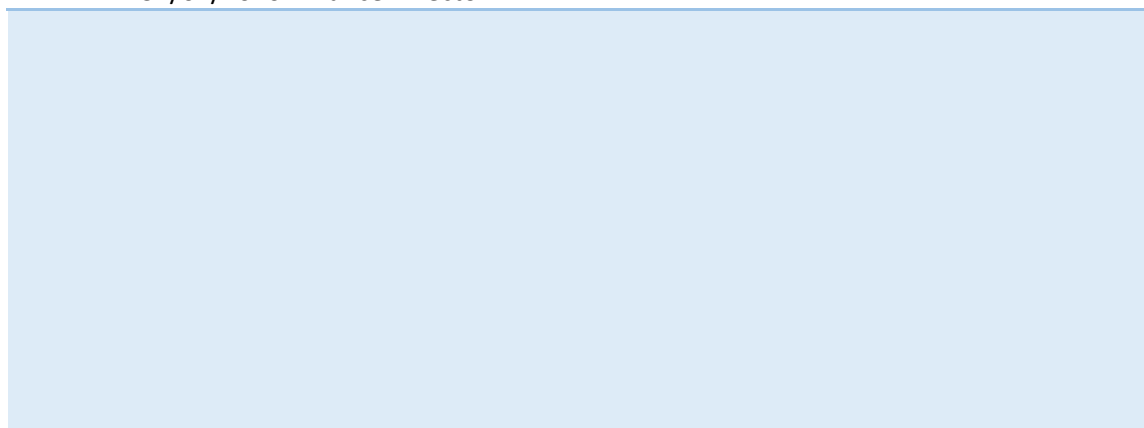
31/07/2020 SMT



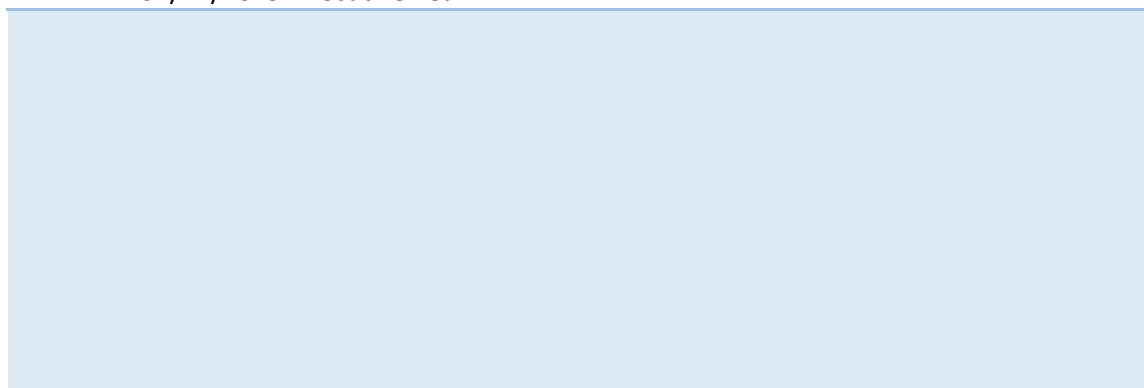


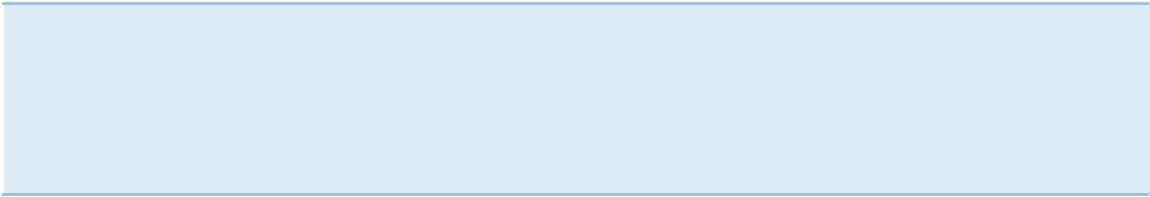
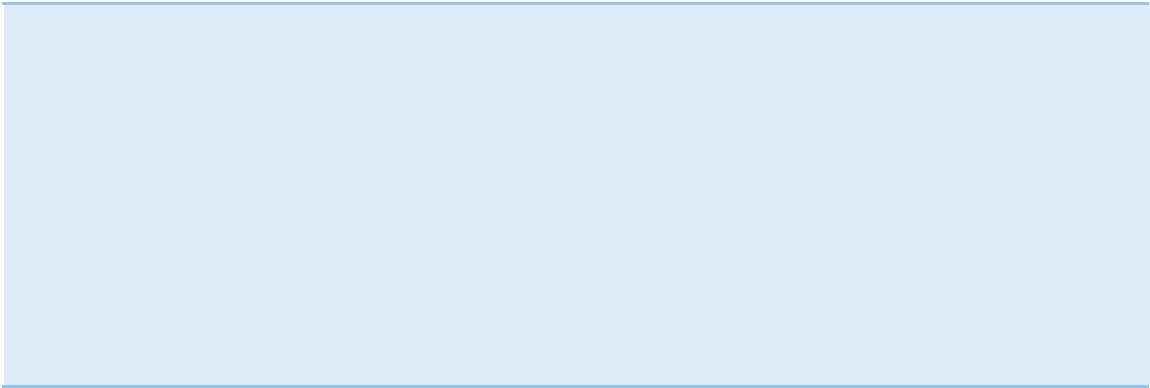


31/07/2020 Finance Director



31/12/2019 Executive Team

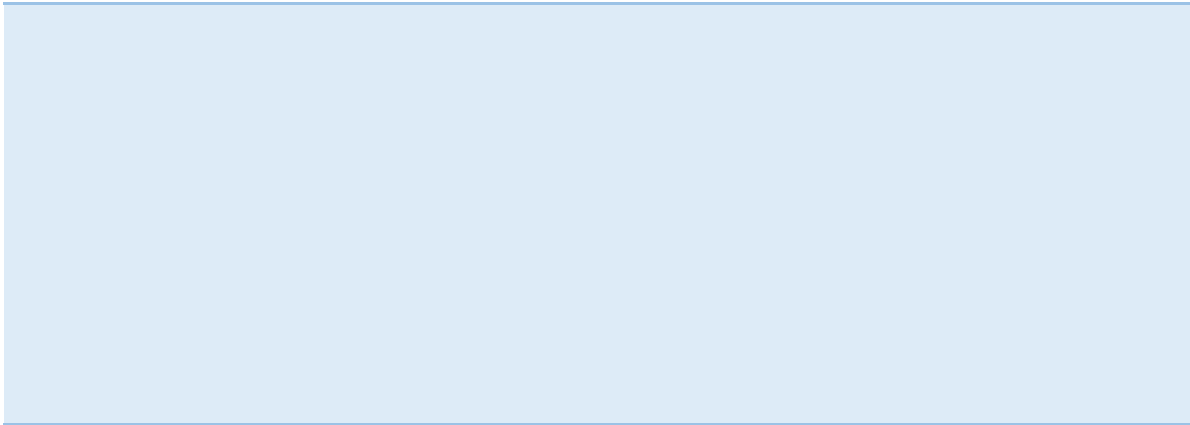
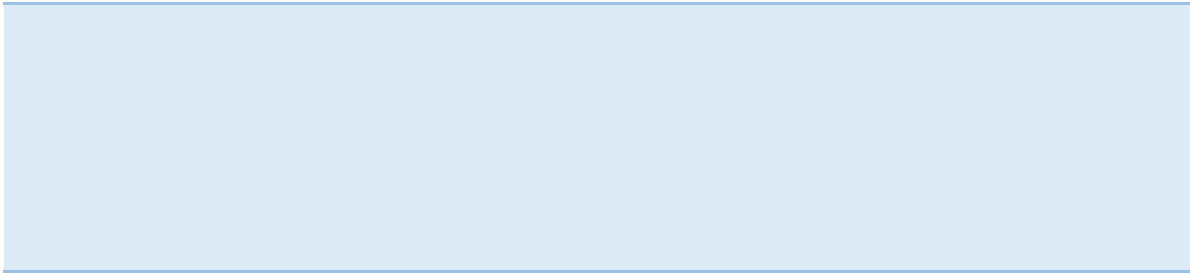


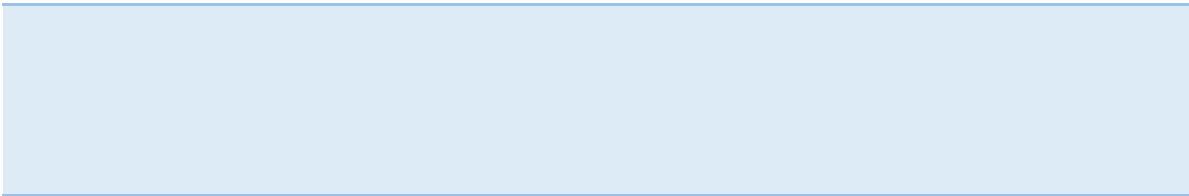
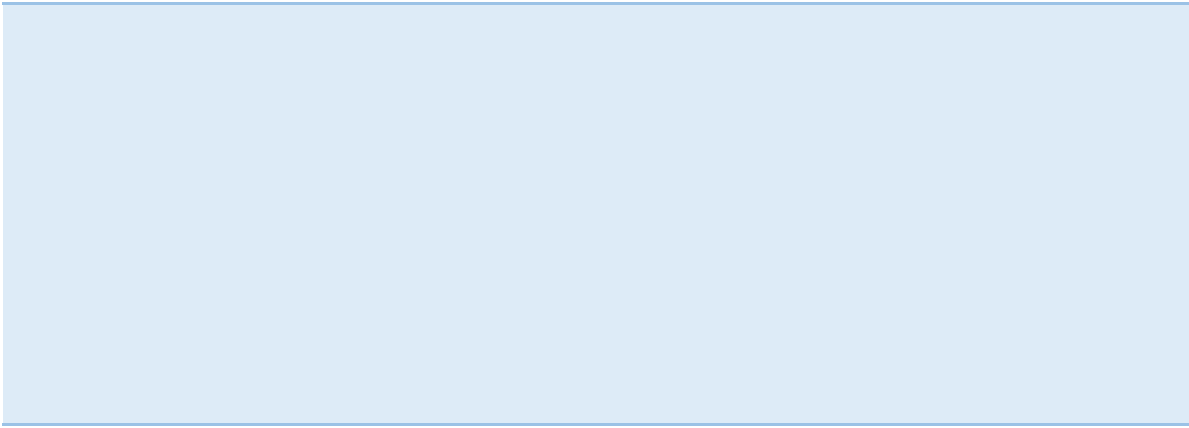
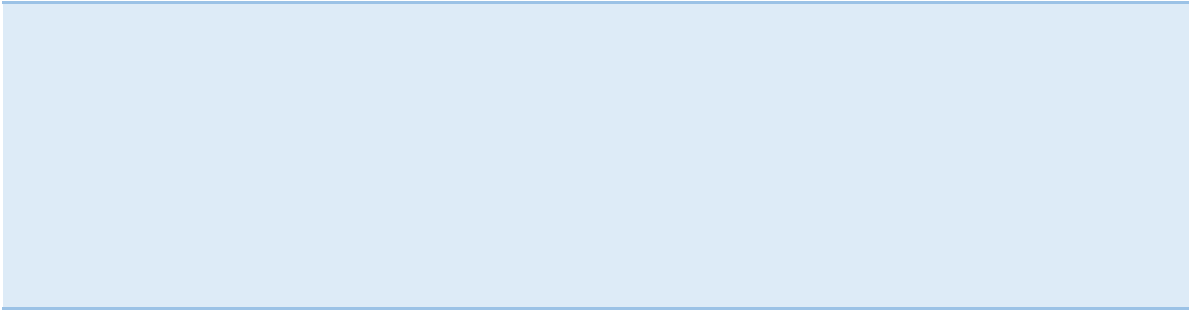


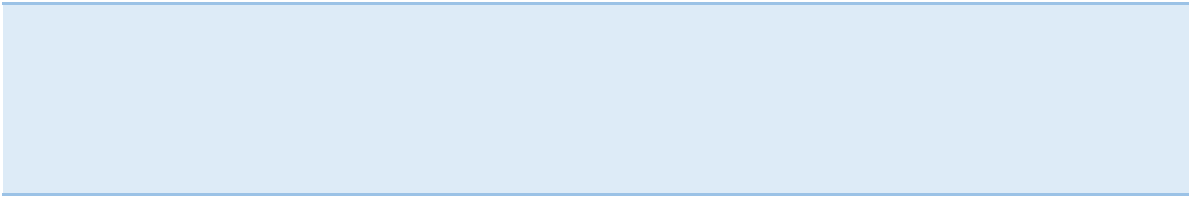
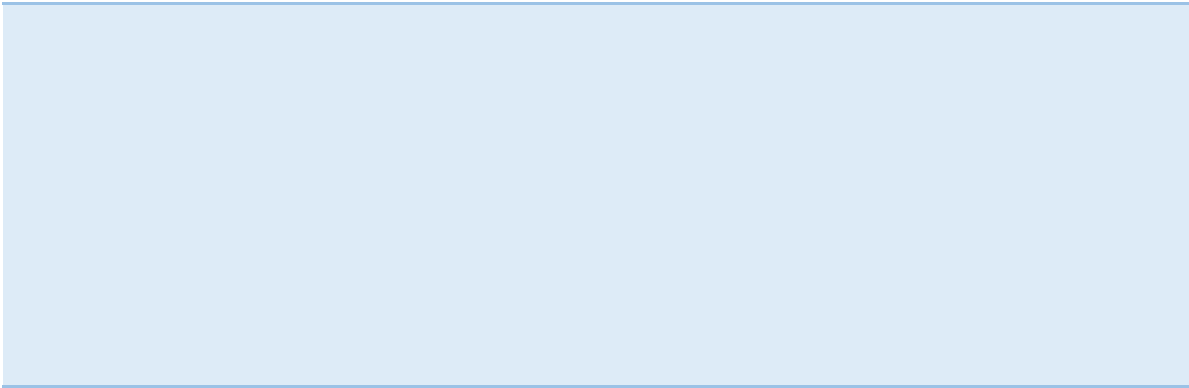
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Yes	9.Academic quality	Item	sites/riskregister/Risks
		Item	sites/riskregister/Risks

	Item	sites/riskregister/Risks
	Item	sites/riskregister/Risks
No	Item	sites/riskregister/Risks
	Item	sites/riskregister/Risks
	Item	sites/riskregister/Risks
	Item	sites/riskregister/Risks

		Item	sites/riskregister/Risks
Yes	1.HE Targets	Item	sites/riskregister/Risks
Yes	2.FE Targets	Item	sites/riskregister/Risks
Yes	3.Reputation	Item	sites/riskregister/Risks
Yes	4.Key Staff	Item	sites/riskregister/Risks

Yes	5.Compliance	Item	sites/riskregister/Risks
Yes	6.Governance failure	Item	sites/riskregister/Risks
Yes	7.Financial failure	Item	sites/riskregister/Risks
Yes	8.Estates	Item	sites/riskregister/Risks
Yes	9.Academic quality	Item	sites/riskregister/Risks

Yes	11.Student Experience	Item	sites/riskregister/Risks

Yes	10.Research quality	Item	sites/riskregister/Risks

		Item	sites/riskregister/Risks

		Item	sites/riskregister/Risks

	Item	sites/riskregister/Risks
	Item	sites/riskregister/Risks
No	Item	sites/riskregister/Risks
	Item	sites/riskregister/Risks
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	Item	sites/riskregister/Risks

		Item	sites/riskregister/Risks
		Item	sites/riskregister/Risks
Yes	12.Data breach	Item	sites/riskregister/Risks
No		Item	sites/riskregister/Risks

Argyll College UHI Ltd

Staff Development

Internal Audit Report No: 2020/02

Draft Issued: 11 September 2020

Final issued:

LEVEL OF ASSURANCE

Requires Improvement

Contents

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Level of Assurance

In addition to the grading of individual recommendations in the action plan, audit findings are assessed and graded on an overall basis to denote the level of assurance that can be taken from the report. Risk and materiality levels are considered in the assessment and grading process as well as the general quality of the procedures in place.

Gradings are defined as follows:

Good	System meets control objectives.
Satisfactory	System meets control objectives with some weaknesses present.
Requires improvement	System has weaknesses that could prevent it achieving control objectives.
Unacceptable	System cannot meet control objectives.

Action Grades

Priority 1	Issue subjecting the organisation to material risk and which requires to be brought to the attention of management and the Audit Committee.
Priority 2	Issue subjecting the organisation to significant risk and which should be addressed by management.
Priority 3	Matters subjecting the organisation to minor risk or which, if addressed, will enhance efficiency and effectiveness.

Management Summary

Overall Level of Assurance

Requires Improvement	System has weaknesses that could prevent it achieving control objectives.
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Risk Assessment

This review focused on the controls in place to mitigate the following risks on the Argyll College UHI Ltd ('the College') Register:

- 14 – Disruption to services/projects and/or partnership working resulting from loss (temporary or permanent) of a key staff member (risk rating: medium)

Background

As part of the Internal Audit programme at the College for 2019/20 we carried out a review of the College's staff development arrangements. Our Audit Needs Assessment identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Board of Governors and Principal that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

Within the College sector recruitment and retention of key staff is of vital importance. The College must ensure that it has the organisational capacity to implement its strategic plans and make full use of the abilities of its staff. It should therefore explicitly relate its staffing requirements to its strategic and operational objectives in terms of numbers, skills, knowledge, deployment, structure, etc.

The College should ensure that all staff are managed effectively and efficiently. Managers should communicate business priorities and objectives to staff and ensure that those objectives are translated into tasks that teams and individuals undertake. Staff should know what is expected of them; their performance should be regularly assessed; and they should be assisted in improving their performance.

Scope, Objectives and Overall Findings

This audit considered whether the College is making best use of its staff and included a review of workforce planning; training; and the personal development plan system.

The table below notes the objective for this review and records the results:

Objective	Findings			
The specific objective of this audit was to obtain reasonable assurance that:		1	2	3
1. the College has a systematic approach for ensuring that its staff resources match what is required in order to deliver its commitments. Where gaps are identified, timely action is taken to close these.	Satisfactory	0	0	1
2. the College's approach to training, including induction training, is clearly informed by an assessment of where there are skills / knowledge / performance gaps.	Requires Improvement	0	2	1
3. the College has a systematic approach to evaluating its training to ensure that it is achieving the desired impact.	Satisfactory	0	0	1
4. there is a systematic approach for translating business objectives into actions / tasks for members of staff.	Satisfactory	0	0	1
5. a systematic approach is used for communicating objectives and performance expectations to staff.	Good	0	0	0
6. a systematic process is used for providing feedback to staff on performance and agreeing action to improve performance.	Good	0	0	0
Overall Level of Assurance	Requires Improvement	0	2	4
		System has weaknesses that could prevent it achieving control objectives.		

Audit Approach

The HR Officer and Director of Finance were interviewed, and the College's policies, procedures and structure reviewed, to assess compliance with the above objectives.

Summary of Main Findings

Strengths

- The College continually monitors student and staff numbers to ensure that sufficient staff resources are attached to each course.
- The College has a dedicated Learning and Development (L&D) Coordinator who coordinates training and development activities delivered across the College.
- The College provides a range of learning and development opportunities for staff, including supporting staff in undertaking the Professional Development Award in Teaching Practice.
- Staff have access to a suite of online training modules which provides them with flexible opportunities for learning and development.
- Staff Development Request Procedures are in place which outline the application, review, and approval process for training requests.
- There are mechanisms in place to communicate the College's objectives to departments and to staff and to review departmental and College performance.

Weaknesses and Opportunities for Improvement

- The College has not developed a Workforce Plan which reflects the College's medium-term strategy for managing its workforce (including the provision of support through learning and development). Such a Workforce Plan would include an analysis of the current workforce and identify future staffing requirements (as well as setting out a strategy describing how any potential gaps could be addressed).
- The Staff Development Committee is responsible for approving staff development requests. Our review noted that the Staff Development Committee was chaired by a Head of Curriculum and previously met every six weeks. However, the committee has not convened since August 2019.
- Although guidance is available to staff on the appraisal process, and information is available on a range of learning and development activities, the College has not established an overarching staff Learning & Development policy which clearly outlines the College's aims and objectives or outlines the responsibilities of staff, line managers, senior management and the Board in relation to staff training.
- The current staff development request form requires staff to document how the College will benefit as well as what the individual hopes to gain from attendance at a training event. However, there is scope to expand this to document the expected learning outcomes which would later allow a formal evaluation of the impact of training received by requiring staff to revisit the expected learning outcomes recorded on the development request form a period of time after having received the training in order to confirm that the learning needs have been met.
- The staff appraisal form, and associated guidance notes, do not provide a clear linkage between the training needs identified on the appraisal forms and the departmental operational or College Strategic Plan objectives.

Acknowledgements

We would like to take this opportunity to thank the staff who helped us during our audit.



Main Findings and Action Plan

Objective 1: The College has a systematic approach for ensuring that its staff resources match what is required in order to deliver its commitments. Where gaps are identified, timely action is taken to close these.

Our review found that although there is no formal workforce plan or skills database currently in place (see **R1** below) there are alternative processes in place which ensure that staff resources are available to meet commitments.

There is an approved establishment list and staffing budgets are based on approved posts. Management conduct recruitment in line with available budgets and approval for new posts. Management monitor student and staff numbers to ensure that sufficient resources are aligned to each curriculum area and support service so that operational commitments and service levels can be met. Skills gaps are filled, either through redeployment of staff, by supporting staff through further training or, where necessary, through external recruitment in line with the staff budget model. During the last 12 months the College has undertaken some re-organisation, particularly within curriculum teams, to ensure that the right staffing structure and capabilities are in place to meet the College's needs going forward and to address identified succession planning challenges.

Staff Development - DRAFT

Objective 1: The College has a systematic approach for ensuring that its staff resources match what is required in order to deliver its commitments. Where gaps are identified, timely action is taken to close these.

Observation	Risk	Recommendation	Management Response
The College has not developed a Workforce Plan which reflects the College's medium-term strategy for managing its workforce (including the provision of support through learning and development). Such a Workforce Plan would include an analysis of the current workforce and identify future staffing requirements (as well as setting out a strategy describing how any potential gaps would be filled).	Without a Workforce Plan there is a risk that changes to the way the College delivers services in one curriculum or support area may have unplanned or unintended effects on other curriculum or support areas; and the College may not be able to manage workforce changes to ensure that it is making best use of its staff resources to achieve its objectives.	R1 In order to meet the anticipated future challenges around curriculum delivery and College budgets, the College should consider undertaking an exercise to forecast expected staff numbers and staff costs and also identify skill needs aligned to the future shape of the curriculum portfolio on a rolling three-year basis, using scenario planning where necessary.	<p>Prior to this report, it had been recognised that there are insufficient resources and organisational development expertise within the SMT to provide the necessary strategic leadership in order to fully address the training and development plans and needs of an organisation which has at its heart learning and development. This recognition, brought into sharp focus by the recommendations of this report, means that the college will bring forward its review of HR/OD (including the potential for additional staffing) to allow this be developed fully and properly and where necessary seek Board approval for additional resources.</p> <p>All subsequent recommendations have been responded to with this additional resource seen as an integral part of the responses.</p> <p>To be actioned by: SMT</p> <p>No later than: Feb 2021</p>

Staff Development - DRAFT

			Grade	3
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Objective 2: The College's approach to training, including induction training, is clearly informed by an assessment of where there are skills / knowledge / performance gaps.

The skills of new staff are considered during the recruitment process to ensure that they have adequate skills for undertaking the relevant role being filled. All permanent teaching staff are required to undertake a teaching qualification, either the Teaching Qualification Further Education (TQFE) or a suitable Professional Development Award. If new staff do not possess a teaching qualification the College will provide support to staff to achieve this qualification.

All new staff must complete a mandatory induction programme, which consists of online training modules covering areas of statutory compliance including health and safety and data protection. Induction also includes a departmental induction provided by the relevant staff member's line manager.

Training needs can also be identified by individual staff members or managers as part of the annual staff appraisal process or at any time during the year.

Our review noted that the College provides a range of learning and development opportunities for staff, including:

- two days of structured Continuing Professional Development (CPD) activity each year to all staff.
- staff are provided access to a suite of online learning modules.
- staff have access to the College Virtual Learning Environment where they can find training information.
- staff can apply to attend an external training course where there is a valid justification; and
- teaching staff can apply to undertake the Professional Development Award in Teaching Practice.

Objective 2: The College’s approach to training, including induction training, is clearly informed by an assessment of where there are skills / knowledge / performance gaps.

Observation	Risks	Recommendation	Management Response
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Staff Development - DRAFT

<p>Staff Development Request Procedures are in place which outline the application, review, and approval process for training requests. The procedures describe that:</p> <ul style="list-style-type: none"> the Staff Development Committee is responsible for approving staff development requests. costs of training events up to a maximum amount of £200 can be approved by the Chair of the Staff Development Committee, with requests above this limit needing approval by the full committee. the process for evaluating staff development activity, including issuing training evaluation forms to staff following training; and evaluation forms are reviewed by the Staff Development Committee at their regular meetings, as a standing agenda item, in order to inform any changes in the scope or form of future occurrences of the same training session as well as informing the overall College staff development plan. <p>Our review noted that the Staff Development Committee was chaired by a Head of Curriculum and previously met every six weeks. However, the committee has not convened since August 2019.</p>	<p>Staff development opportunities are restricted due to a failure in the approval procedures.</p> <p>Failure to evaluate the effectiveness of training could lead to poor use of resources by continuing training that does not result in more efficient or effective working practices or provide value for money.</p>	<p>R2 Ensure that the Staff Development Committee operates as outlined in the Staff Development Request Procedures. A review should be conducted to clarify the circumstances which have led to the committee not convening since August 2019 and to identify any barriers which may prevent the committee convening (including timing of meetings, composition of the committee and use of technology).</p>	<p>It is felt that the current arrangement needs to be better linked into other systems currently being reviewed and improved – ie staff induction and staff appraisal systems, and to clearly link with college strategy and direction.</p> <p>The Staff Development Committee will be reviewed by SMT and through consultation with unions as appropriate to identify how it can be best organised to reinvigorate training and development within the organisation. An annual training and development plan will be prepared for the forthcoming academic year for agreement by SMT and this will be devolved to managers/staff development committee to ensure that all staff are clear that training undertaken is for the benefit of the students/ student experience, and in the achievement of the stated aims and objectives of the college as a whole.</p> <p>To be actioned by: SMT</p> <p>No later than: May 2021</p> <div> <div>Grade</div> <div>2</div> </div>
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Staff Development - DRAFT

Objective 2: The College's approach to training, including induction training, is clearly informed by an assessment of where there are skills / knowledge / performance gaps (continued).

The identification of training needs is not currently directly aligned with the College's annual budget setting cycle. This misalignment creates a weakness whereby budgets are assigned for training costs without the identification of training requirements for the year ahead. Although this does create a potential risk that insufficient budgets are allocated to meet training and development needs, the Director of Finance expressed confidence that the budget available is sufficient to meet existing training needs. If there was an urgent training requirement, such as to satisfy legal compliance, then management would be committed to the identification of resources to deliver the necessary training.

Staff appraisals are conducted annually by managers and any training needs are identified from this process and recorded on the forms provided which are then shared with the Learning & Development (L&D) Coordinator to aid future planning of L&D activities.

All new staff are required to complete a corporate and departmental induction. The induction process is coordinated by managers and covers all service areas. The College makes use of a suite of e-learning modules which must be completed by all new staff. The results of completion of e-learning modules are recorded on individual employee training records.

Observation	Risk	Recommendation	Management Response
Although guidance is available to staff on the appraisal process, and information is made available on a range of learning and development activities, the College has not established an overarching staff L&D policy which clearly outlines the College's aims and objectives or outlines the responsibilities of staff, line managers, senior management and the Board in relation to staff training.	The College's policy and ethos on training is not clearly communicated resulting in variations in approach across the College.	R3 A Staff Learning & Development Policy should be created which outlines: <ul style="list-style-type: none"> the scope aims and responsibilities in relation to learning, development and training. options for learning and development available to staff. how training and development is prioritised. specific areas of learning which are essential for all staff. responsibilities in terms of recording, monitoring, and evaluating learning; and 	We are aware that the limited management resources within the college has meant that learning and development has ended up being devolved to the Staff Development Committee and that this operated without a clear plan, and was reactive to training requests. A Staff Learning and Development policy will be created for consultation and agreement with all relevant parties. We also will carry out an existing skills assessment.

		<ul style="list-style-type: none">Personal Development Review arrangements.	To be actioned by: SMT No later than: May 2021	
			Grade	2

Staff Development - DRAFT

Objective 2: The College's approach to training, including induction training, is clearly informed by an assessment of where there are skills / knowledge / performance gaps (continued).

Observation	Risk	Recommendation	Management Response
<p>The College does not make use of skills databases at either an organisational level (i.e. through the L&D team) or at a departmental level, which can be utilised to identify any skills or knowledge gaps in departments or for individual members of staff.</p> <p>Our review noted that the identification and recording of training needs across the College is currently a largely manual (and therefore less efficient) process. L&D staff are required to analyse employee appraisal forms to identify training needs, which are then scrutinised to determine if there is a business justification for the training. This relies on L&D staff maintaining an understanding of staff roles or seeking clarification from line managers on the need for specific training. Once training has been provided, L&D staff must manually add training records into the Cascade HR system based on a review of several different records, such as course attendance sheets and training application forms.</p> <p>It would be more efficient to identify a base level of training expected for each post and utilise this data to populate Cascade. As employee training records are added to Cascade they can then be matched to the training requirements established for each post. This could allow L&D to identify skills gaps and target training to specific groups or to individual staff members. As the curriculum portfolio changes, any changes in staff skills mix should also be notified to L&D to allow Cascade to be updated. This would allow L&D to identify any revised training needs across the College.</p> <p>Refresher training, such as health and safety training, is currently recorded separately on spreadsheets. However, the information is then recorded in Cascade to provide a historic record of training received. Potentially, Cascade could be utilised in a more proactive manner whereby L&D could identify the refresher training due in the next 12 months. This would allow more efficient forward planning in terms of developing a training plan and the associated budget.</p>	<p>Information is not available to identify where training requirements or skills gaps exist.</p>	<p>R4 Conduct a training needs assessment across the College to identify the basic training and skills requirement associated with each post. The data obtained from the training needs assessment should then be used to populate Cascade, which will allow L&D and management to identify training gaps as staff training records are updated.</p>	<p>HR will be asked to conduct this training needs assessment for each member of staff to identify basic skills and training requirement, to organise the basic training required and to document this in our HR system. We will also carry out an existing skills assessment, where we will identify and record all the skills current staff have already, so we can easily search this before looking to recruit externally for new posts</p>

			To be actioned by: HR/SMT No later than: May 2021	
			Grade	3

Objective 3: The College has a systematic approach to evaluating its training to ensure that it is achieving the desired impact.

Staff Development - DRAFT

Observation	Risk	Recommendation	Management Response	
<p>Discussions with staff, and review of appraisal procedures, identified that there is a formal means of evaluating the impact of previous training provided on staff performance through the staff appraisal process, and also an informal mechanism through regular one to one meetings held with staff. However, it was also identified that there is no formal means of obtaining feedback on the quality, relevance or usefulness of the training activity undertaken.</p> <p>The current staff development request form requires staff to document how the College will benefit as well as what the individual hopes to gain from attendance at a training event. However, there is scope to expand this to document the expected learning outcomes which would later allow a formal evaluation of the impact of training received by requiring staff to revisit the expected learning outcomes recorded on the development request form a period of time after having received the training in order to confirm that the learning needs have been met.</p>	<p>Failure to evaluate the effectiveness of training could lead to poor use of resources by continuing training that does not result in more efficient or effective working practices or provide value for money.</p>	<p>R5 Work should be undertaken to expand the current development request form to capture expected learning outcomes. This will provide the opportunity for staff to subsequently formally evaluate the achievement of anticipated learning outcomes and to record feedback after attending the relevant training course. Completed forms should then be signed-off by managers and form part of the staff appraisal process. Feedback provided on the forms should also be reviewed, and the results used to inform future selection of training providers and an analysis of training spend and benefits derived to ensure that best value is being achieved from training spend.</p>	<p>Agreed, we will action the recommendation as described</p> <p>To be actioned by: SMT</p> <p>No later than: August 2021</p>	
			Grade	3

Objective 4: There is a systematic approach for translating business objectives into actions / tasks for members of staff.

Staff Development - DRAFT

The College's Strategic Plan is used as the basis for developing departmental operational plans, which are prepared annually around September / October, and which link to the key objectives in the College Strategic Plan.

Our review confirmed that there are a range of mechanisms in place to communicate the College's objectives to departments and to staff, including:

- the staff appraisal process.
- informal one-to-one discussions held between senior management and Heads of Curriculum and other senior managers.
- the annual departmental self-evaluation review process facilitated by the College's Quality team.
- faculty meetings which are held several times a year; and
- annual staff development events.

Observation	Risk	Recommendation	Management Response	
The staff appraisal form, and associated guidance notes, do not provide a clear linkage between the training needs identified on the appraisal forms and the departmental operational or College Strategic Plan objectives.	Learning and development activities are not effectively linked to the departmental operational objectives and/or to the College strategic objectives.	R6 As part of the staff appraisal process a review should be completed on how staff learning and development actions can be more clearly linked to departmental objectives on the staff appraisal forms.	Agreed. As appraisals as carried out by CL and other managers we will incorporate this into business plans and monitoring	
			To be actioned by: SMT	
			No later than: August 2021	
			Grade	3

Objective 5: A systematic approach is used for communicating objectives and performance expectations to staff.

Objectives are communicated to staff via a range of mechanisms, including through one to one meeting, team meetings, and the annual staff review process. Performance expectations should be clearly set out by line managers as well as formally through job descriptions. Where there is a need to clarify performance expectations then this should take place through ad hoc discussions with staff, through the staff review process, or if necessary, through the Performance Improvement Policy and Procedure

Each member of staff undergoes an annual staff appraisal with their line manager to discuss performance against previously agreed objectives; to agree objectives for the coming period; and identify training and development needs. Performance and training objectives are then agreed for the next 12-month period. As noted above, staff objectives are linked to the departmental operational plans with individual responsibility assigned. A key objective of the staff appraisal is to offer each member of staff a formal means to clarify and review their responsibilities and relationships and to embrace the opportunities for training and development.

Objective 6: A systematic process is used for providing feedback to staff on performance and agreeing action to improve performance.

Ad hoc issues should be dealt through regular contact between the line manager and the staff member concerned.

If there are concerns around staff performance, then these should be dealt with through the Performance Improvement Policy and Procedure. We reviewed this procedure and confirmed that it provides a robust framework for dealing with performance issues. We also noted that it allows for a range of informal and formal means for addressing issues and has appropriate options including discussion, escalation, warnings, suspension, and dismissal.

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Argyll College UHI Ltd

Health and Safety

Internal Audit Report No: 2020/03

Draft issued: 26 November 2020

Final issued:

LEVEL OF ASSURANCE

Requires Improvement

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Section 2 Main Findings and Action Plan

4 - 9

Level of Assurance

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Action Grades

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Priority 2	Issue subjecting the organisation to significant risk and which should be addressed by management.
Priority 3	Matters subjecting the organisation to minor risk or which, if addressed, will enhance efficiency and effectiveness.

Management Summary

Overall Level of Assurance

Requires Improvement

System has weaknesses that could prevent it achieving control objectives.

Risk Assessment

This review focused on the controls in place to mitigate the following risks on the Argyll College ('the College') Strategic Risk Register:

- Non-compliance with relevant statutory regulations (risk rating: amber); and
- Failure to embed a pervasive culture of Health & Safety awareness (risk rating: amber)

Background

As part of the Internal Audit programme at the College for 2019/20 we carried out a review of the College's Health and Safety (H&S) arrangements. Our Audit Needs Assessment identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Board of Governors and the Principal that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

Within the College sector it is important to demonstrate full implementation and embedding of H&S legislation. It is important that H&S is considered by all staff, management, and Board members at the College in order to reduce the risks related to accidents and occupational health. Furthermore, all staff should understand that H&S is their responsibility, and not only that of management and the Board.

Scope, Objectives and Overall Findings

The scope of this audit was to review the arrangements in place within the College to deal with H&S issues.

The main objective of this audit was to review the College's overall arrangements for dealing with H&S issues and to consider whether these are adequate and operating effectively in practice at each campus site.

The table below notes the specific objectives for this review and records the results:

Objective	Findings			
The specific objectives of this audit were to obtain reasonable assurance the College has:		1	2	3
1. a H&S policy and documented procedures which are communicated to all staff.	Good	0	0	0
2. a formal risk identification and assessment process.	Requires Improvement	0	1	0
3. a H&S training programme which includes induction training, refresher training and training for new equipment and legislation.	Requires Improvement	0	1	1
4. regular monitoring of H&S systems to ensure that they are functioning effectively including H&S audits, carried out either internally or by external agencies such as the Health and Safety Executive.	Good	0	0	0
5. an incident and accident recording system with follow-up and implementation of new controls where required.	Good	0	0	0
6. regular reporting of H&S to senior management and to the Board of Management.	Satisfactory	0	0	1
Overall Level of Assurance	Requires Improvement	0	2	2
		System has weaknesses that could prevent it achieving control objectives.		

Audit Approach

From discussion with the Health and Safety Officer, and review of procedural documentation, we identified the internal controls in place and compared these with expected controls. A walkthrough of key systems was undertaken to confirm our understanding, and this was followed up with compliance testing where considered necessary. We have reported on any areas where expected controls were absent, not operating effectively or where controls could be further strengthened.

Summary of Main Findings

Strengths

- The College has a comprehensive H&S Policy in place, which is circulated to staff annually following any updates, and is available at all times via the staff intranet.
- The College make use of an external H&S Consultant to access relevant H&S expertise. The H&S Consultant carries out annual H&S audits.
- The College has a Health and Safety Committee which meets at least three times per year and H&S is a standing agenda item at each Board meeting. A verbal update is provided on all relevant H&S issues across all campuses and relevant issues are discussed. The H&S Committee includes members of the Executive Team, Senior Management Team, departmental representatives, and the external H&S Consultant which ensures a breadth of representation which is well placed to respond to the H&S risks identified and make improvements to its culture within the College.
- Through discussions with management and staff during our review we noted a desire to improve the current H&S approach and to address any weaknesses in its application across the College.

Weaknesses

- The College does not maintain a risk assessment register, which highlights the areas of activity within the College where a risk assessment is required, and provides confirmation that these have been approved; the dates that these are due to be updated; and action plans to address any concerns or improvements identified.
- For a sample of 10 risk assessments, we noted that: nine had not been signed and dated as approved; two did not have a review date set; and one was past the recorded review date and but had not been reviewed.
- Although completion of induction training, including H&S training, is a mandatory requirement for staff, the College training records do not readily identify which staff have completed induction training and there is no record to show whether additional H&S training needs have been identified for specific roles.
- Although there is a H&S Committee in place, and H&S is discussed as a standing item at Board meetings by way of an oral update, there is no formal reporting of H&S statistics to the Board or H&S Committee on a regular basis.

Acknowledgements

We would like to take this opportunity to thank the staff at the College who helped us during our audit visit.



Main Findings and Action Plan

Objective 1: A H&S policy and documented procedures which are communicated to all staff.

The College has a H&S Policy in place which includes a H&S Policy Statement setting out the College's H&S objectives. This is reviewed annually and was last signed off by the Principal and the Chair of the Board in February 2020. The Policy outlines the responsibilities and arrangements for the management of H&S within the College. The responsibility for implementing the policy is shared between the Principal and Depute Principal, Board, managers, and staff. The responsibility for keeping up to date with legislation and sharing this knowledge with the College is delegated to the Head of Property. The College also utilise an external H&S Consultant for advice on specific H&S issues. The external H&S Consultant also undertakes an annual review of the College's H&S arrangements and provides advice on any changes in legislation or best practice.

The H&S Policy is made available to staff on the College intranet. It is also circulated to all staff and tutors by email on an annual basis (and any time that the policy is amended). H&S procedures are also communicated to staff and students using posters and signage across the College estate.

The Health and Safety Law poster and the current Employers Liability Compulsory Insurance certificate are displayed at each learning centre and signage is displayed as specified within fire and general risk assessments conducted by the external H&S consultant.

Copies of the relevant policies and procedures were reviewed as part of our audit. This was supplemented by discussions with the Head of Property to understand and evaluate the practical application of these policies and procedures across the College. These were considered to be adequate.

Health and Safety - DRAFT

Objective 2: A formal risk identification and assessment process.

The College maintains a Risk Register, which includes a specific risk on failure to comply with relevant statutory regulations, including H&S requirements. The responsibility to ensure ongoing review, updating and mitigation of this risk has been delegated to the Board & Executive Team. The Risk Register includes details of actions that the College takes to mitigate the H&S risk. The College also maintains a specific H&S risk register detailing the H&S risks faced by the College and the actions in place to minimise the risks. Copies of the College Risk Register and the H&S risk register were obtained during the audit and we confirmed that the risks identified, and the associated mitigating actions, appear reasonable.

The College has a H&S Committee which meets at least three times per year. The Committee is chaired by the Head of Property and includes the Finance Director, the external H&S Consultant, and up to four employee representatives (who are elected for a two-year term). The remit and copies of the minutes of the most recent Committee meetings were obtained during our audit and we noted that there was evidence of discussion of H&S issues with actions being raised to address any weaknesses identified.

Observation	Risks	Recommendation	Management Response	
<p>For a sample of 10 risk assessments completed by the College we noted that: nine of the 10 risk assessments had not been signed and dated as approved; two did not have a review date set; and one was past the recorded review date but had yet to be reviewed and updated.</p> <p>We also noted that there is no risk assessment register in place which identifies all of the areas and activities within the College which require a risk assessment to be completed, records when these will need to be updated, or includes action plans to address any weaknesses/improvements identified. Staff conduct risk assessments for the areas for which they are responsible, unless the area is high risk in which case these are completed by the Head of Curriculum , with the external H&S and consultant assisting with risk assessments in non-academic areas.</p>	<p>Risk assessments are not completed, approved, or updated as required and any concerns or improvements identified are not followed up.</p>	<p>R1 Develop a risk assessment register which identifies the areas and activities for which a risk assessment is required, and records confirmation that these have been approved; the dates that these will require to be updated; and action plans to address any concerns or improvements identified.</p>	<p>Agreed this would be put in place</p> <p>To be actioned by: Head of Property</p> <p>No later than: 31/02/2021</p>	
			<p>Grade</p>	<p>2</p>

Health and Safety - DRAFT

Objective 3: A H&S training programme which includes induction training, refresher training and training for new equipment and legislation.

The Health and Safety at Work Act 1974 places a general duty on employers to provide such information, instruction, training, and supervision as is necessary to ensure, so far as practicable, the H&S at work of its employees.

All new staff at the College receive induction training, which includes e-learning modules on relevant H&S issues. The College also implements further training for staff which consists of online modules through the software package "Learn Upon". An external H&S Consultant has also delivered specific training to staff on topics such as Risk Assessments and Fire Marshall training.

Observation	Risks	Recommendation	Management Response
<p>Our audit testing included a review of induction training records for a sample of 10 staff to confirm that they had completed the appropriate H&S induction training modules within one month of their start date, and that any further job specific H&S training requirements had been identified. We noted that in each instance training records did not readily identify which staff had completed the mandatory H&S training or identify any additional H&S training associated with specific job roles.</p> <p>The external H&S consultants also deliver aspects of H&S training to College staff. Our review noted that records of attendance of these training events is held by the external consultants with individual staff that have attended responsible for updating their own training records in the HR system.</p> <p>Internal audit report 2020/02 Staff Development, issued in November 2020, identified that the College has not undertaken a training needs assessment which identifies the basic training associated with each post.</p>	<p>Without visibility and confirmation that staff have completed the relevant H&S training there is a lack of assurance that the College is complying with the requirements of the Health and Safety at Work Act 1974.</p>	<p>R2 The Head of Property should work collaboratively with HR to conduct a H&S training needs assessment to identify all specific H&S training associated with each job role. A review of training records should then be undertaken to ensure that staff have completed the mandatory H&S training, as well as any job specific training. Training should be arranged to address gaps to ensure that H&S training compliance is maintained.</p>	<p>Per the staff development audit we have identified the need for a training and development plan and for the need to ensure that mandatory training is carried out by all staff, and that this is recorded and regularly updated. We feel that general & mandatory H & S training should be identified by Head of Property, but that need for job specific training should be identified by line managers in conjunction with the H&S consultant, and also with input from the H&S union reps.</p> <p>To be actioned by: Head of Property/HR/SMT</p> <p>No later than: 31/05/2021</p>

Health and Safety - DRAFT

			Grade	2
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Objective 3: A H&S training programme which includes induction training, refresher training and training for new equipment and legislation.
(continued)

Observation	Risks	Recommendation	Management Response	
We also noted that there was a lack of clarity between HR and the Head of Property in terms of responsibility for monitoring H&S training compliance.	Without visibility and confirmation that staff have completed the relevant H&S training there is a lack of assurance that the College is complying with the requirements of the Health and Safety at Work Act 1974.	R3 Ongoing monitoring of H&S induction training, and delivery of other H&S training activity, should be undertaken regularly by the Head of Property and areas of non-compliance followed up with departmental managers. The Head of Property should report H&S training compliance data to each meeting of the H&S Committee.	Agreed. A process will be agreed by Head of Property to capture and record this information through liaison with HR, and a suitable report for both the H & S committee and the SMT prepared on a quarterly basis.	
			To be actioned by: Head of Property	
			No later than: 31/01/2021	
			Grade	2

Objective 4: Regular monitoring of H&S systems to ensure that they are functioning effectively including H&S audits, carried out either internally or by external agencies such as the Health and Safety Executive.

Annual H&S audits are conducted by the external H&S Consultant covering all College premises. These cover a general risk assessment of the College workshops and a fire risk assessment only. The H&S consultants compile an audit programme and send this to the Head of Property for approval. The audit process includes pre-audit meetings, audit interviews with College staff, and review and verification that the College H&S procedures are operating effectively. An audit report with findings and recommendations is then presented to the Head of Property. Audits and subsequent actions are discussed between the Head of Property and the relevant learning centre manager and, if required the H&S Consultant, and an action plan is established to resolve any issues identified. Recommendations are subsequently followed up by the external H&S consultants.

Any routine H&S audit visits which were scheduled after March 2020 were not fulfilled due to the COVID-19 pandemic, although our review did confirm that routine H&S audits were conducted regularly prior to March 2020.

Objective 5: An incident and accident recording system with follow-up process and implementation of new controls where required.

Discussions with the Head of Property confirmed that the College currently has a paper-based accident reporting process. Accident Books are located at each learning centre and these should be used by centre managers to record accidents, near misses and first aid callouts. Forms are scanned and sent to the Head of Property for review who will consider whether further investigation or notification to the Health and Safety Executive (HSE) is required. We noted that there were no incidents reported to or investigated by the HSE during academic year 2019/20.

Health and Safety - DRAFT

Objective 6: Regular reporting of H&S to senior management and to the Board of Management.

Discussions with management, and review of meeting minutes, confirmed that verbal updates on H&S activity are provided to every H&S Committee and H&S is a standing agenda item at every Board meeting.

UHI Academic Partners are required to demonstrate compliance with applicable legislation to the UHI Executive Office. In October 2019, the College submitted a H&S Checklist to the UHI Executive Office for the period August 2018 to July 2019, which confirmed that that high-level H&S controls were in place, including governance arrangements, risk assessments, occupational health, training and summarised the number of accidents during the period. The checklist was reported to the College Board and H&S Committee in December 2019.

Observation	Risks	Recommendation	Management Response			
<p>A detailed annual H&S report to the Board, containing a summary of H&S training, accidents, including a short summary of all reportable incidents under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR) and information on near-miss incidents, and other H&S developments in the year was not prepared for 2019.</p> <p>From our discussions, it was noted that it would be useful to provide this information quarterly, so that Board members and H&S Committee members have updates throughout the year rather than an annual update.</p>	<p>Board members and the H&S Committee will not be provided with an accurate picture of the accidents and incidents occurring within the College and will therefore not have ready access to the assurance they require that H&S risks are being identified and managed appropriately.</p>	<p>R4 Ensure that a detailed annual H&S report is prepared for the Board which includes a summary of:</p> <ul style="list-style-type: none">• H&S training.• Accidents.• Incidents, including RIDDOR and near misses.• Trend analysis of training, accidents, and incidents; and• Other relevant H&S developments. <p>Summary information should also be reported quarterly to the H&S Committee and Board.</p>	<p>Agreed. These reports will be put in place.</p> <p>To be actioned by: Head of Property</p> <p>No later than: 28/02/2021</p>	<table><tr><td>Grade</td><td>3</td></tr></table>	Grade	3
Grade	3					

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Argyll College

HR / Payroll

Internal Audit Report No: 2020/04

Draft issued: 27 November 2020

Final issued: 27 November 2020

LEVEL OF ASSURANCE

Requires Improvement



mha

HENDERSON LOGGIE

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Level of Assurance

In addition to the grading of individual recommendations in the action plan, audit findings are assessed and graded on an overall basis to denote the level of assurance that can be taken from the report. Risk and materiality levels are considered in the assessment and grading process as well as the general quality of the procedures in place.

Gradings are defined as follows:

Good	System meets control objectives.
Satisfactory	System meets control objectives with some weaknesses present.
Requires improvement	System has weaknesses that could prevent it achieving control objectives.
Unacceptable	System cannot meet control objectives.

Action Grades

Priority 1	Issue subjecting the organisation to material risk and which requires to be brought to the attention of management and the Audit Committee.
Priority 2	Issue subjecting the organisation to significant risk and which should be addressed by management.
Priority 3	Matters subjecting the organisation to minor risk or which, if addressed, will enhance efficiency and effectiveness.

Management Summary

Overall Level of Assurance

Requires Improvement

System has weaknesses that could prevent it achieving control objectives.

Risk Assessment

This review focused on the controls in place to mitigate the following risks on the Argyll College UHI Ltd ('the College') Register:

- Non-compliance with relevant statutory regulations. (risk rating: amber)
- Going over budget on expenditure - Financial failure/operating loss. Failure to implement savings as outlined in FFR (risk rating: amber).

Background

As part of the Internal Audit programme at Argyll College for 2019/20 we carried out a review of the HR / payroll arrangements. The Audit Needs Assessment identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Board of Governors and Principal that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

Scope, Objectives and Overall Findings

The scope of this audit was to consider the key internal controls in place over the College's spend on staff costs of approximately £1.25m per annum. Our audit covered the procedures in place within both Human Resources and Finance.

The table below notes the objectives for this review and records the results:

Objective	Findings			
		1	2	3
The objective of our audit was to obtain reasonable assurance that systems are sufficient to ensure:		No. of Agreed Actions		
1. Correct calculation of gross pay and deductions.	Requires Improvement	0	1	0
2. Correct calculation of employer national insurance and superannuation contributions.	Good	0	0	0
3. Part-time lecturers, overtime and travel & subsistence payments are properly authorised.	Requires Improvement	0	1	0
4. Approval and checking of changes to employee standing data.	Satisfactory	0	0	1
5. Starters and leavers are properly treated and enter and leave the system at the correct dates.	Satisfactory	0	0	1
6. Proper authorisation, processing and recording of payments.	Satisfactory	0	0	2
Overall Level of Assurance	Requires Improvement	0	2	4
		System has weaknesses that could prevent it achieving control objectives.		

Audit Approach

From discussion with Finance and Human Resources staff, and review of procedures documentation, we identified the key internal controls in place within the College's Human Resources / Payroll systems and compared these with expected controls.

Compliance testing was then carried out to ensure that the controls in place are operating effectively, concentrating on starters, leavers, and variations to pay.

Summary of Main Findings

Strengths

- From our sample testing we confirmed that gross pay had been correctly calculated, and salaries, hourly rates and rates for salary sacrifice deductions agreed to the standing data held in the HR / Payroll system.
- From our sample testing we confirmed that employer national insurance and superannuation contributions had been correctly calculated.
- For a sample of starters and leavers tested we confirmed that they had entered and left the HR / Payroll system at the correct date.
- The College has a process in place to ensure all timesheets are authorised for part-time lecturers and staff working additional hours, although the scope of our detailed testing was limited for a small number of items included in our sample due to physical records being unavailable as a result of COVID-19 restrictions.

Weaknesses

- Whilst most pension schemes use a net pay approach for calculating tax, NEST does not, and tax is calculated based on gross income. Tax relief is then added "a s u c e" by E ST. We noted through reperformance of deductions processed in April 2000 that the correct treatment of PAYE had been applied by the College, however in testing of deductions for members of the NEST scheme in August 2019 and December 2019 we found that the employee's PAYE had been calculated using a net pay approach. From discussion with the Director of Finance, we identified that PAYE for all employees in the NEST pension scheme had been calculated using a net pay approach in error up to March 2020. This error has resulted employees underpaying PAYE during the year up to March 2020, having received tax relief through the monthly payroll as well as at source through the NEST scheme.
- We reviewed a sample of 10 travel claims and agreed amounts to supporting documentation. All claim forms provided were electronic and hence were not signed by the employee or by the designated signatory to evidence authorisation. Staff explained that when electronic claims are submitted, these would be emailed to line managers for authorisation before being forwarded alongside copies of receipts for payment. No email authorisation or receipts could be provided for all 10 items in our sample.
- We noted that there is no secondary checking of changes made to the HR / Payroll system by Finance.
- We noted starter forms are limited to information on personal details such as address and marital status, as required by HMRC. We noted that details of Full Time Equivalent (FTE) / contracted hours, annual salary / hourly rate or start date are not recorded on the starter form. This meant that we were unable to check whether the new starts had been correctly entered on to the HR / Payroll system and paid from the agreed start date. We also noted that the lack of detail on the new start forms means that finance staff are not able to independently check these details prior to each monthly payroll being processed. We also noted that starter forms are not currently signed off by a member of SMT to confirm they have been approved in line with the College's procedures.
- We reviewed a sample of five payment runs processed in 2019/20 and noted that two payment runs had been prepared by the Director of Finance and therefore had not been independently authorised. Discussion with the Director of Finance noted that payroll payments had been processed and authorised for payment by the Director of Finance on several occasions in 2019/20 due to long term staff absences within the Finance team during the 2019/20 financial year.
- We noted that payroll exception reports are not routinely run as part of monthly payroll processes. Staff explained that until recently the effectiveness of exception reports as a key control was limited due to the number of staff on variable hour contracts, however as staff have now transferred to FTE contracts, this control would now be much more meaningful.

Acknowledgments

We would like to take this opportunity to thank the staff at the College who helped us during our audit.

Main Findings and Action Plan

Objective 1: Correct calculation of gross pay and deductions.

We reviewed the systems and procedures in place to ensure that staff on the College payroll are paid the correct amounts, including controls over increases in pay grades and that deductions are made at the correct rates.

A sample of 10 employees was selected at random from the payroll and gross pay was verified to annual salary rates within the combined HR and Payroll system, Cascade. As part of our audit testing for these employees, the calculation of statutory deductions (PAYE and national insurance) was re-performed and checked for accuracy. In addition, a sample of salary sacrifice deductions were checked back to source documentation to ensure accuracy.

Observation	Risk	Recommendation	Management Response	
Whilst most pension schemes use a net pay approach for calculating tax, NEST does not, and tax is calculated based on gross income. Tax relief is then added "a s u c e" by E ST. We noted through reperformance of deductions in April 200 that the correct treatment of PAYE had been applied by the College, however in testing of deductions for members of the NEST scheme in August 2019 and December 2019 found that the employees PAYE had been calculated using a net pay approach. From discussion with the Director of Finance, we identified that PAYE for all employees in the NEST pension scheme had been calculated using a net pay approach in error up to March 2020. This error has resulted employees underpaying PAYE during year up to March 2020 having received tax relief through the monthly payroll as well as at source through the NEST scheme.	PAYE is calculated incorrectly, and employees have underpaid tax liabilities, which may require to be repaid later.	R1 The College should undertake a review of the PAYE underpayment for employees in the NEST pension scheme prior to March 2020. This should be quantified, and appropriate follow-up action determined.	Agreed.	
			To be actioned by: Finance Director	
			No later than: 31/01/2021	
			Grade	2

HR / Payroll

Objective 2: Correct calculation of employer national insurance and superannuation contributions.

The calculation of employer national insurance contributions for the 10 employees in our audit sample were re-performed and checked for accuracy. The results of our testing in this area proved satisfactory.

Employees are now automatically opted into the Strathclyde Pension Fund (SPF), NEST or the Scottish Public Pensions Agency (SPPA) and only contact HR if they want to opt out. For the 9 employees with pension deductions, within our sample, we agreed that the SPF, NEST or SPPA employer and employee contributions had been correctly calculated in line with the agreed contribution rates and noted no exceptions.

Objective 3: Part-time lecturers, overtime and travel & subsistence payments are properly authorised.

Staff with variable contracted hours and staff working hours, additional to those stated in their contract of employment, are required to submit timesheets. The College procedures require that appropriate documentation, such as timesheets, are completed and signed by the employee and designated signatory. Authorised documents are then passed to the HR department. Details are input to the Monthly Salaries Spreadsheet then passed to Finance for processing.

We selected 10 employees who worked variable hours or overtime and agreed the amounts claimed to the relevant supporting documentation. We were unable to obtain physical timesheets for our sample of employees due to COVID restrictions preventing access to records held in College premises. Although the College was able to provide alternative sources of evidence, which verified authorisation of hours being claimed for seven instances, we could not verify hours claimed to any appropriate supporting evidence in three instances. Details of timesheets are independently reviewed and input into the Monthly Salaries Spreadsheet by HR staff, which reduces the risk of payments for unauthorised hours being processed in the payroll system.

We obtained the support staff and teaching staff grades and spinal point annual salaries for the sample of 10 employees tested and agreed these to the HR / Payroll system with no issues noted.

HR / Payroll

Objective 3: Part-time lecturers, overtime and travel & subsistence payments are properly authorised (continued).

Travel and subsistence claims must also be signed by the employee and authorised by their line manager. All expenses reclaimed must be claimed on the Travel and Subsistence Claim form and all original receipts should be attached.

Observation	Risk	Recommendation	Management Response	
We reviewed a sample of 10 travel claims and agreed amounts to supporting documentation. All claim forms provided were electronic and hence were not signed by the employee or by the designated signatory to evidence authorisation. Staff explained that when electronic claims are submitted, these would be emailed to line managers for authorisation before being forwarded alongside copies of receipts for payment. No email authorisation or receipts could be provided for all 10 items in our sample.	Insufficient backup is held to support travel and subsistence claims. Fraudulent claims are made for travel and subsistence claims.	R2 In future copies of email authorisation and receipts for electronic travel and subsistence claims should be retained in line with HMRC retention requirements.	We would point out that we do retain copies of receipts for travel and subsistence claims, however, as the college was in lockdown when the information was requested, getting access to the receipts was not possible. We have used electronic versions of the travel claims for ease due to our centres and staff being spread across Argyll, but will give consideration to changing that to only accepting hard copies of forms, with appropriate signatures. For historic reasons, the T & S process has been within the remit of Head of Property, but we will be moving that process to the Accounts dept.	
			To be actioned by: Finance Director	
			No later than: 31/05/2021	
			Grade	2

HR / Payroll

Objective 4: Approval and checking of changes to employee standing data.

Staff have self-service access to the combined HR and Payroll system and have permissions to change key standing data which impacts the payroll aspect of the system, such as their bank accounts. Any changes to critical employee standing data such as this are notified to the HR staff who authorise the changes made.

We selected a sample of five changes to employee standing data and confirmed that all were appropriately authorised and applied correctly to the Payroll data.

Observation	Risk	Recommendation	Management Response
We noted that there is no secondary checking of changes made to the HR / Payroll system by Finance.	Without independent checks of staff data changes there is an increased risk of inappropriate payments and undetected internal fraud.	R3 On a monthly basis, a report showing any changes to employee standing data should be obtained and reviewed by staff independent of HR. This review should include checks to ensure that there is evidence to confirm that employees have requested / authorised any changes to their standing data.	<p>We are making enquiries with our HR/Payroll software suppliers to identify whether there is a report that the system can produce for this check to be carried out.</p> <p>To be actioned by: Finance Director</p> <p>No later than: 31/01/2021</p>
			<p>Grade</p> <p>3</p>

HR / Payroll

Objective 5: Starters and leavers are properly treated and enter and leave the system at the correct dates.

A sample of five new starts and five leavers during financial year 2019/20 was selected at random from a new starts and leavers report generated from the HR / Payroll system.

Each leaver was successfully traced to their notice of termination. It was found that the leavers had been appropriately removed from the Payroll system in line with the last day of employment.

Observation	Risk	Recommendation	Management Response	
We noted starter forms are limited to information on personal details such as address and marital status, as required by HMRC. We noted that details of Full Time Equivalent (FTE) / contracted hours, annual salary / hourly rate or start date are not recorded on the starter form. This meant we were unable to check whether the new starts had been correctly entered in the HR / Payroll system and paid from the agreed start date. We also noted that the lack of detail on the new start forms means that finance staff are not able to independently check these details prior to each monthly payroll being processed. We also noted that started forms are not currently signed off by a member of SMT to confirm they have been approved in line with the College's procedures.	Without independent checks of staff data changes there is an increased risk of inappropriate payments and undetected internal fraud.	R4 Starter forms should be reviewed to ensure they include all details required for Finance to carry out secondary checking of the information input to Cascade by HR staff. These should be authorised by SMT prior to new starts being included on the payroll, as required by the College's procedures.	Agreed	
			To be actioned by: Finance Director	
			No later than: 31/01/2021	
			Grade	3

HR / Payroll

Objective 6: Proper authorisation, processing and recording of payments .

The Monthly Salaries Spreadsheet is prepared by the HR department and is then passed to Finance to be processed through Cascade Payroll. Once all entries are processed, the gross pay figure is checked against the salaries spreadsheet. Payment runs are prepared by the Accounts Officer and are authorised by the Director of Finance.

Observation	Risk	Recommendation	Management Response	
We reviewed a sample of five payment runs processed in 2019/20 and noted that two payment runs had been prepared by the Director of Finance and therefore had not been independently authorised. Discussion with the Director of Finance noted that payroll payments had been processed and authorised for payment by the Director of Finance on several occasions in 2019/20 due to long term staff absences within the Finance team in the 2019/20 financial year.	Without independent checking of payment runs, there is an increased risk of inappropriate payments and undetected internal fraud.	R5 Ensure that secondary authorisation is obtained from another member of the Executive Team for payroll payments in instances where staff numbers do not allow sufficient segregation of duties when processing the payroll.	Agreed	
			To be actioned by: Finance Director	
			No later than: 31/12/2021	
			Grade	3

HR / Payroll

Objective 6: Proper authorisation, processing and recording of payments (Continued)			
Observation	Risk	Recommendation	Management Response
We noted that payroll exception reports are not routinely run as part of monthly payroll processes. Staff explained that until recently the effectiveness of exception reports as a key control was limited due to the number of staff on variable hour contracts, however as staff have now transferred to FTE contracts, this control would now be much more meaningful.	Without checks of pay variances, there is an increased risk of inappropriate payments and undetected internal fraud.	R6 On a monthly basis, a payroll exception report should be produced and reviewed by a member of staff independent of HR. This review should include checks that any variances in pay have been appropriately investigated and authorised. Evidence of these checks should be retained.	<p>Agreed</p> <p>To be actioned by: Finance Director</p> <p>No later than: 31/01/2021</p>
			<p>Grade</p> <p>3</p>

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Argyll College UHI

Follow-Up Reviews

2019/20

Internal Audit Report No: 2020/05

Draft issued: 26 November 2020

Final issued: 27 November 2020



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1. Management Summary

Introduction and Background

As part of the Internal Audit programme at Argyll College UHI ('the College') 2019/20 we carried out a follow-up review of the recommendations made in Internal Audit reports issued during 2018/19 and reports from earlier years where previous follow-up identified recommendations outstanding. These were:

- ICT Review of General Data Protection Regulation
- Assurance Review of Budgetary Control
- Assurance Review of Management and Board Reporting; and
- Follow-Up Reviews.

The following Internal Audit Reports, which were issued by the previous internal auditors, TIAA, in 2018/19, were not followed-up as these reports did not contain any recommendations:

- 2018/19 Annual Plan; and
- 2018/19 Annual Report.

Audit Scope and Objectives

The objective of our follow-up review was to assess whether recommendations made in previous reports have been appropriately implemented and to ensure that, where little or no progress has been made towards implementation, that plans are in place to progress them.

Audit Approach

For the recommendations made in the reports referred to above we ascertained by enquiry and review of supporting documentation, as appropriate, whether they had been completed or what stage they had reached in terms of completion and whether the due date needed to be revised.

Action plans from the original reports, updated to include a column for progress made to date, are appended to this report.

Overall Conclusion

The College has made limited progress in implementing the recommendations followed-up as part of this review with four of 17 recommendations reviewed classified as 'fully implemented'. Nine recommendations were assessed as 'partially implemented', and three as 'little or no progress made'.

Follow-Up Reviews 2019/20

Overall Conclusion (continued)

One recommendation was assessed as 'considered but not implemented'.

We will follow-up the outstanding recommendations as part of the next follow-up review in 2020/21.

From Original Reports			From Follow-Up Work Performed			
Area	Rec'n Grades	Number Agreed	Fully Implemented	Partially Implemented	Little or No Progress Made	Considered But Not Implemented
ICT Review of General Data Protection Regulation	1	-	-	-	-	-
	2	3	2	1	-	-
	3	1	-	1	-	-
Total		4	2	2	-	-
Assurance Review of Budgetary Control	1	-	-	-	-	-
	2	2	-	-	1	1
	3	1	-	-	1	-
Total		3	-	-	2	1
Assurance Review of Management and Board Reporting	1	-	-	-	-	-
	2	3	-	3	-	-
	3	3	-	2	1	-
Total		6	-	5	1	-
Follow-Up Reviews	1	-	-	-	-	-
	2	4	2	2	-	-
	3	-	-	-	-	-
Total		4	2	2	-	-
Overall Total		17	4	9	3	1

Overall Conclusion (continued)

The grades, as detailed below, denote the priority grading that should have been given to each recommendation as defined by the College's previous Internal Audits:

1	Urgent	Fundamental control issue on which action should be taken immediately.
2	Important	Control issue on which action should be taken at the earliest opportunity.
3	Routine	Control issue on which action should be taken.

Acknowledgments

We would like to thank all staff for the co-operation and assistance we received during our reviews.

Appendix I - Updated Action Plan: ICT Review of General Data Protection Regulation (issued 2018/19)

Recommendation	Grade	Original Management Comments	To Be Actioned By	No Later Than	Progress at November 2020
Data Protection training be included within new staff induction.	2	We agree that whilst training was carried out in Sep 2018, this has not necessarily been carried out for new starts. Induction in future will ensure that training on GDPR is part of induction and also that there is a way of capturing that all staff undertake mandatory refresher training on GDPR on an annual basis.	Depute Principal	31/07/20	Data Protection / GDPR is now included as part of the new staff induction training. We recognise that improvements are required in our training and development processes, which has been further brought into focus by the recommendations of internal audit report on staff development (Internal Audit report 2020/02 – Staff Development, issued in November 2020). Fully Implemented
Procedures for managing and responding to Subject Access Requests be documented.	2	Procedures for managing and responding to Subject Data Access Requests will be added to the Data Protection Policy. Subject access request are reported quarterly to the Scottish Information Commissioner at the same time as Freedom of Information requests. There has only been one SAR in the last 10 years.	Depute Principal	13/12/19	A procedure has yet to be added to the Data Protection Policy for Subject Access Requests. This will be completed before the end of the calendar year. We have now updated details with the What do they know website which is commonly used as a conduit for FOI requests. Revised Completion Date: 31 December 2020 Partially Implemented

Follow-Up Reviews 2019/20

Recommendation	Grade	Original Management Comments	To Be Actioned By	No Later Than	Progress at November 2020
Data sharing arrangements be reviewed with a view to establishing data sharing agreements where necessary.	3	Agreed that this should be reviewed.	Principal	31/07/20	<p>These have been reviewed on an ad hoc basis driven by operational need in the last year. We recognise the need to do this systematically.</p> <p>Revised Completion Date: 31 July 2021</p> <p><i>Partially Implemented</i></p>
A CCTV Policy be developed, and CCTV usage be recorded within the data maps with consideration given to its impact and legal basis.	2	Agreed this is required particularly as it is intended for security purposes that CCTV will be installed.	Finance Director	31/03/20	<p>There is a UHI wide policy for CCTV usage, and we are currently reviewing signage where we have CCTV installed.</p> <p>Fully Implemented</p>

Appendix II - Assurance Review of Budgetary Control (issued 2018/19)

Recommendation	Grade	Original Management Comments	To Be Actioned By	No Later Than	Progress at November 2020
The Financial Procedures be reviewed to ensure these are up to date and reflective of current practice.	3	These will be reviewed at the F & GP meeting in March 2020.	Finance Director	31/03/20	<p>Owing to long term staff absence in the Accounts department from February 2020, this review did not take place. A new Accounts Assistant has recently been employed (October 2020) and this will allow the Accounts department to review, update and improve procedures. This will be taken to the Board in March 2021.</p> <p>Revised Completion Date: 31 March 2021</p> <p><i>Little or No Progress Made</i></p>

Follow-Up Reviews 2019/20

Recommendation	Grade	Original Management Comments	To Be Actioned By	No Later Than	Progress at November 2020
Budget holders be identified and assigned responsibility for budget monitoring and control.	2	Size of college, restructure and changes in management responsibilities over the past two years has meant that budgets have not been delegated and budgetary control has been with the Exec Team. Once the College Strategic Plan and Operating Plan for 2020/21 and onwards has been finalised, it is planned that budgets will be devolved.	Finance Director	01/08/20	<p>COVID, and various other demands on management time during 2020 has meant that the strategic plan is still to be finalised.</p> <p>The college has recently signed up to NRPA and will be undertaking an exercise reviewing the curriculum management arrangements. When this is completed, agreement on the devolvment of budgets will be agreed.</p> <p>Revised Completion Date: 31 July 2021</p> <p><i>Little or No Progress Made</i></p>
Spend to date be compared to budget to date and variances be calculated within the management accounts.	2	This will be put to the Board/SMT to establish their interest in having this incorporated or otherwise into management accounts.	Finance Director	12/12/19	<p>The Board discussed this and there was felt to be no real need for this further detail within the management accounts.</p> <p><i>Considered But Not Implemented</i></p>

Appendix III - Updated Action Plan: Assurance Review of Management and Board Reporting (issued 2018/19)

Recommendation	Grade	Original Management Comments	To Be Actioned By	No Later Than	Progress at November 2020
The Terms of Reference for the Board of Governors and sub-committees be reviewed.	3	These will be reviewed at the Board and Board sub-committee meetings at first round of Committee meetings in March 2020.	Board Secretary	31/03/20	<p>Due to lockdown, this was not taken to Board/committees in March, though they were reviewed by the Board Secretary. The ToRs will be reviewed by the Committees on 27 November 2020, and by the Board on 11 December 2020.</p> <p>Revised Completion Date: 31 December 2020</p> <p><i>Partially Implemented</i></p>
A set agenda and structure be agreed in respect of monthly SMT meetings.	3	The geographic dispersal of the SMT creates a challenge to regular meetings which is longstanding. Since the change in Principal, the membership of SMT has been reviewed and is now expanded to include HR representation. A monthly pattern has been established with an agenda which has a number of standing items.	Principal	31/07/20	<p>Again, COVID has placed a huge amount of demand on management time this year, and meetings have been arranged sporadically when time and availability of all SMT members has allowed, and by necessity have predominantly had to be virtual. When normal service is resumed, we will resume monthly meetings with standing items on agenda.</p> <p>Revised Completion Date: 31 July 2021</p> <p><i>Little or No Progress Made</i></p>

Follow-Up Reviews 2019/20

Recommendation	Grade	Original Management Comments	To Be Actioned By	No Later Than	Progress at November 2020
A Strategic Plan including strategic objectives be developed and approved for 2019/20 onwards.	2	Senior management are acutely aware of the need for Strategic Plan to be documented. In the past year, there have been a number of major, unplanned, operational issues to be dealt with which have necessarily taken precedence. That said, work has progressed on the basis for a strategic plan, the next stage of which is to share with the Board in December.	Principal/SMT	31/07/20	<p>COVID and other ongoing unplanned operational issues continue to provide challenges to the limited resources of the management team. We have just employed a Strategic Projects Co-ordinator and this role will provide additional resources and research to enable us to complete the plan. With union involvement on the staff side, this may now take longer than previously envisaged to allow all necessary and desired consultation to be carried out.</p> <p>Revised Completion Date: 31 March 2021</p> <p><i>Partially Implemented</i></p>
KPIs be developed which are linked to the College's strategic objectives. A framework be devised for all KPIs which documents ownership, clear definition of the KPI and measurement and documented procedures be introduced for the collection and calculation of the information.	2	See above. As the strategy is developed, appropriate KPIs will be defined and agreed.	Principal/SMT	31/07/20	<p>As above.</p> <p>Revised Completion Date: 31 March 2021</p> <p><i>Partially Implemented</i></p>

Follow-Up Reviews 2019/20

Recommendation	Grade	Original Management Comments	To Be Actioned By	No Later Than	Progress at November 2020
An Action Tracker be introduced for Board and sub-committee meetings to track actions until completion.	3	This will be introduced at the set of Committee/Board meetings in the first quarter of 2020 calendar year.	Board Secretary	31/03/20	<p>This has not been implemented, purely due to time pressures. It will be implemented from November 2020 onwards, and a copy of the tracker for the 27 November 2020 meetings will be forwarded when it is completed.</p> <p>Revised Completion Date: 30 November 2020</p> <p><i>Partially Implemented</i></p>
It be ensured that Board and sub-committee papers are provided to members in a timely manner to provide sufficient time for review.	2	The Executive Team are aware of the need for papers to be sent out one week in advance of the meetings. However, given the very limited staff resources within the organisation, and in particular within the SMT and the workloads of the members of that team, other calls on their time will continue to mean that papers may not always be finalised at the desired time.	Executive Team	N/A	<p>The original management comments remain the position.</p> <p>Revised Completion Date: 31 July 2021</p> <p><i>Partially Implemented</i></p>

Appendix IV - Updated Action Plan: Internal Audit Report 2019/07 – Follow-Up Reviews

Recommendation	Grade	Original Management Comments	To Be Actioned By	No Later Than	Progress at November 2019	Progress at November 2020
HR Management (issued 2017/18)						
Management be reminded of the induction processes to be followed and ensure that HR and Cascade are updated with details of completion.	2	Will be included in Curriculum Lead training. HR will ensure compliance and will run monthly reports from Cascade.	HR Officer / HR Administrator	01/09/2018	<p>It was advised that an induction checklist was in use but sample testing found that only one of the four new starts had a completed induction checklist on file.</p> <p>Revised completion date: 31/07/20</p> <p>Partially Implemented</p>	<p>HR Officer is now carrying out induction process with all new staff members. There were very few new starts over the period since the COVID-19 lockdown in March 2020 and all new starts from September 2020 will now go through the induction checklist with HR and appropriate line manager.</p> <p>Revised Completion Date: 31 July 2021</p> <p>Partially Implemented</p>

Follow-Up Reviews 2019/20

Recommendation	Grade	Original Management Comments	To Be Actioned By	No Later Than	Progress at November 2019	Progress at November 2020
HR Management (issued 2017/18)						
An appraisal process be established for review of staff performance and development with processes in place for recording completion and outcome of this.	2	Process is in place but training required for line managers. Training dates identified by 30/5/18 HR will implement a system for tracking appraisals have taken place and informing line managers of what staff are due an appraisal.	HR Officer / HR Administrator	01/09/2018	<p>It was advised that this recommendation has not yet been implemented due to other priorities.</p> <p>Revised completion date: 31/07/21</p> <p><i>Partially Implemented</i></p>	<p>Appraisal procedure and guidance notes implemented in 2019/20. Due to a lack of available management resources in 2019/20, and the impact of Covid-19, the appraisal procedure has not been fully implemented. A review of the curriculum management structure is currently being undertaken, and once complete the appraisal process will be re-established.</p> <p>Revised Completion Date: 31 July 2021</p> <p><i>Partially Implemented</i></p>

Follow-Up Reviews 2019/20

Recommendation	Grade	Original Management Comments	To Be Actioned By	No Later Than	Progress at November 2019	Progress at November 2020
Internal Communications (issued 2017/18)						
Operational procedures be developed to guide staff in the delivery of the internal communications arrangements.	2	This will be considered by the new Senior Management Team which has replaced the Operational Management Group, when the new Principal is in post, agreement will be reached on whether operational procedures is the correct way to go on this.	SMT / Head of Communications (HoC)	31/01/2019	<p>The College has documented a Communications and External Relations Strategy, but this does not cover operational procedures.</p> <p>Revised completion date: 31/07/20</p> <p><i>Partially Implemented</i></p>	<p>Procedures are now in place to monitor and approve internal communications to our larger staff distribution groups; e.g. any emails to 'all staff' 'all teaching staff' 'all students' must be approved by Executive Management before distribution.</p> <p>Guidance on internal communication is given during staff induction.</p> <p><i>Fully Implemented</i></p>

Follow-Up Reviews 2019/20

Recommendation	Grade	Original Management Comments	To Be Actioned By	No Later Than	Progress at November 2019	Progress at November 2020
Website Administration (issued 2017/18)						
Documented procedures be developed to provide guidance to staff on the approved process for creating and maintaining website content.	2	The website is currently being substantially revised and upgraded. Once this is completed, we will develop and document suitable procedures for ongoing updating and maintenance of the site.	Head of Student Services	31/03/2019	<p>It was advised that this work is still ongoing as the website is still being revamped and upgraded.</p> <p>Revised completion date: 31/07/21</p> <p><i>Partially Implemented</i></p>	<p>Staff roles and job descriptions within the marketing team have been revised and responsibilities for maintaining and updating web information have been strengthened. An online request process has been established to record and monitor requests for web updates and the time taken by marketing team to respond.</p> <p><i>Fully Implemented</i></p>

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Agenda Item 20.4.10



Management accounts to 31 Oct 2020

Draft accounts for the first quarter to the end of October are showing a surplus of £254k. This is due to expenditure being lower than forecast, as salaries are lower than forecast in this quarter. We moved all of our teaching staff to FTE contracts from 1 September, so this quarter's salaries will be lower than the next quarter. A payrise of 2% for teaching staff was agreed and this has been incorporated in November's salaries, so we anticipate that the quarterly teaching staff gross salary will be £500k, so it may be slightly lower than we have budgeted for in the year. Support staff salaries are also lower than budget in the first quarter, but we have recruited a number of new staff in Oct - in student services, marketing, accounts and IT, HR (p-t secondment) and we have a new Strategic Projects officer starting in Dec. We have recognised over this year just how stretched support and management staff are because over the past few years we tried to keep within a limited budget, and more and more was asked of support staff. However, we need to recognise that the amount of information we are required to provide to UHI & SFC and various other parties keeps increasing, as do the number of students and staff, and now with union involvement, we have additional time commitments. The strain this has put on a small number of staff is considerable. With us signing up to NRPA we will also now require to undertake job evaluation for all of our support staff. No cost of living rise for support staff has been agreed yet - UNISON has turned down a 2% offer.

Any commercial/other income is likely to be very restricted this year as it becomes clearer that return to 'normality' in this academic year becomes less credible a possibility, however a number of associated costs will also be lower.

At this point in the year, it seems likely that a higher surplus than that forecast will be this year's outturn.

Ailsa E Close
26/11/20

Argyll College UHI Ltd

	Actual	Budget	Expected	
	2020/21	2020/21	Outturn	
2020/21			2020/21	
INCOME				
SFEFC SUMs Income	627,908	2,808,952	2,808,952	
UHI Income - RAM	130,410	383,775	400,000	Higher HE numbers
UHI Income - PGDE	14,748	53,831	53,831	
UHI Income - Other	28,688	129,000	129,000	Flatrate £20k, SSC£109k
SAAS Income	0	259,000	260,000	Higher HE numbers
ILA Income	600	6,000	6,000	
DYW income	35,949	140,000	140,000	
MITC funding	0	52,000	52,000	
Modern/Foundation Apprenticeships	3,401	36,000	36,000	
Bursary Income/Student support	8,962	50,000	50,000	
Other PPE reimbursement/CITB	0	0	0	
Maintenance/Capital Grant income	91,122	106,086	106,086	May capitalise more of this this year
Bank Interest Received	0	2,000	2,000	Low interest rates expected to continue
FE Student Fees	11,634	66,500	45,000	Fewer short FT courses likely to run
HE Student Fees - Taught	18,816	24,500	24,500	
Commercial Training Activity	0	8,500	0	Any commercial training looking unlikely
Commercial Training Activity - CSCS Income	16	750	2,000	Restarted testing in 2 centres
Room/Facility Hire - With Own Insurance	0	465	0	Any letting now unlikely
Room/Facility Hire - Without Own Insurance	0	405	0	Any letting now unlikely
Vending Machine Income	0	400	0	Vending machines out of bounds
Hairdressing Income - General	0	2,500	0	No hairdressing likely
Catering Income	0	2,500	0	Catering income now unlikely this year
Feed-In Tariff	0	4,000	4,000	
Other income	10,537	0	15,000	
National Bargaining Grant funding	418,750	1,675,000	1,675,000	Incls £100k for Superann
Income from Staff	0	700	0	
Graduation Income	0	550	0	
Branded clothing income	0	700	0	
	1,401,541	5,814,114	5,809,369	
LESS: EXPENDITURE				
Staffing Costs - Salaries	279,393	1,386,563	1,386,563	Pay rise still in negotiation
Staffing Costs - Employer's NI	24,573	137,551	137,551	
Staffing Costs - Employer's Pension	41,827	299,498	299,498	
Staffing Costs - Maternity Pay	0	0	0	
Staffing Costs - Sick Pay	0	30,000	30,000	
Staffing Costs - Travel and Subsistence	96	10,000	2,000	Limited travel this year
Staffing Costs - Training	0	22,500	22,500	
Staffing Costs - Disclosure	0	1,000	1,000	
Staffing Costs - Recruitment	304	3,000	3,000	
Staffing Costs - Other	28,712	18,000	30,000	
Teaching Staff Costs - Salaries	391,920	1,945,197	1,945,197	
Teaching Staff Costs - Employer's NI	29,651	175,068	175,068	
Teaching Staff Costs - Employer's Pension	75,807	447,395	447,395	
Teaching Staff Costs - Maternity Pay	0	5,000	0	
Teaching Staff Costs - Sick Pay	0	30,000	30,000	Costs still to be analysed
Teaching Staff Costs - Travel and Subsistence	169	7,000	2,000	Limited travel this year
Teaching Staff Costs - Training Other	0	22,500	22,500	
Teaching Staff Costs - Disclosure	0	2,000	2,000	
Teaching Staff Costs - Recruitment	314	3,000	3,000	
Teaching Staff Costs - Other	17,789	12,000	12,000	Predominantly cost of subcontractors for Maritime courses
Payments to Subcontractors	0	25,000	25,000	
Learning Resources/Matls	15,916	40,000	40,000	
Student PPE/Kit	9,334	30,000	30,000	
Payments to Awarding Bodies - SQA	1,863	60,000	60,000	
Payments to Awarding Bodies - CITB	844	5,000	5,000	

Payments to Awarding Bodies - BCS	1,200	8,000	8,000	
Payments to Awarding Bodies - Activ Training	0	3,500	3,500	
Apprenticeship levy	3,352	0	16,000	
Marketing and Promotion	1,659	60,000	60,000	
Health and Safety Costs	11,857	80,000	80,000	COVID and increased H & S requirements
Non Chargeable Catering Costs	0	3,000	3,000	
Property Costs - General maintenance	13,122	70,000	70,000	
Property Costs - Lease Costs	8,829	50,000	50,000	
Property Costs - Venue Costs	0	5,000	500	Less likely to need additional venues this year
Property Costs - Rates and Water Charges	0	17,000	17,000	
Property Costs - Utilities	14,905	65,000	65,000	
Property Costs - Cleaning	2,299	50,000	50,000	
Property Costs - Other Property Costs	480	4,000	4,000	
Insurance	21,903	31,000	25,000	
ICT Maintenance and Support	41,248	117,000	117,000	
Equipment repairs	285	5,000	5,000	
Equipment Lease Costs	9,962	40,000	40,000	
Company Vehicle Costs - Fuel	109	5,000	500	Less travel likely
Company Vehicle Costs - Repairs and Maintenance	0	3,000	3,000	
Company Vehicle Costs - Road Tax	0	300	300	
Company Vehicle Costs - Other	0	40,000	40,000	Extra car lease costs, covered by grants
Supplies and Copying	1,636	10,000	5,000	Low due to fewer people in buildings
Postage	165	4,000	1,000	Low due to fewer people in buildings
Telecoms	2,647	18,000	12,000	Low due to fewer people in buildings
Other expenses	0	4,000	1,000	Low due to fewer people in buildings
Donations	68	0	500	
Subscriptions	6,573	30,000	30,000	
Professional Fees - Audit and Accountancy	2,767	30,000	30,000	
Professional Fees - Legal	9,220	20,000	20,000	
Professional Fees - Other	0	5,000	5,000	
Payments To/On Behalf of Students - Travel & Subsistence	1,515	10,000	10,000	
Payments To/On Behalf of Students - Hardship	0	20,000	20,000	
Payments To/On Behalf of Students - Disclosure	0	10,000	10,000	
Payments To/On Behalf of Students - Graduation	0	7,000	7,000	
Payments To/On Behalf of Students - Other	0	3,500	3,500	
Governance Costs - Travel & Subsistence	77	1,500	500	Less travel likely
Governance Costs - Other	0	500	500	
Bank Charges	75	550	550	
Loan Interest - BoS Fixed Rate	0	0	0	
Bad debts	0	5,000	5,000	
Vending Machine Costs	125	2,300	500	
Hairdressing Supplies - General	0	500	500	
Hairdressing Supplies - Retail	0	0	0	
Hairdressing Costs - Other	0	400	400	
Food Purchases	61	8,500	500	No catering likely this year
	1,074,651	5,564,822	5,532,522	
Operating surplus	326,890	249,292	276,847	
Non Capital Fixed Assets	30,320	50,000	60,000	New laptops/other equipt for staff/students working from home
Depreciation	42,122	185,000	185,000	
Net surplus/(deficit) for the year	254,448	14,292	31,847	

Argyll College UHI Ltd
Statement of Comprehensive Income
For the period ended 31 Oct 2020

	Actual 2020/21	Budget 2020/21
	£	£
Income		
SFC grants	1,046,658	4,483,952
UHI grants	264,968	672,692
Tuition fees and education contracts	34,451	392,000
Other operating income	55,448	254,220
Commercial training activity	16	9,250
Release of deferred capital grant	0	0
Investment income	0	2,000
Total income	1,401,541	5,814,114
Expenditure		
Staff costs	890,555	4,557,272
Other operating expenses	214,341	1,052,000
Depreciation	42,122	185,000
Interest and other finance costs	75	5,550
Total expenditure	1,147,093	5,799,822
Income/(Deficit) before other gains and losses	254,448	14,292
Impairment loss	0	
Total comprehensive income for the period	254,448	14,292

Argyll College UHI Ltd
Balance Sheet
As at 31 Oct 2020

	31/10/2020	2019/20
Tangible fixed assets	3,626,882	3,750,222
Debtors		
Trade debtors	68,086	20,017
Other debtors	72,409	123,913
	<u>140,495</u>	<u>143,930</u>
Cash at bank	3,579,524	3,699,070
	<u>3,720,018</u>	<u>3,843,000</u>
Creditors <1yr		
Trade Creditors	167,068	156,903
Bank Loans	0	0
Accruals	571,149	935,087
Deferred Grants	3,402,047	3,566,380
Tax & Social Security creditor	69,389	61,949
Other creditors	70,912	61,016
	<u>4,280,565</u>	<u>4,781,335</u>
Net current assets	(560,547)	(938,335)
Net Assets	<u><u>3,066,335</u></u>	<u><u>2,811,886</u></u>
Reserves		
Unrestricted funds	1,811,887	1,707,470
Comprehensive income for the period	254,448	104,417
Capital reserve	1,000,000	1,000,000
	<u><u>3,066,335</u></u>	<u><u>2,811,887</u></u>



University of the
Highlands and Islands
Argyll College

Argyll College UHI

Terms of reference for Board of Governors and its committees.

Policy Number:	AC034
Revision Number:	3
Status:	Final Version
Date of Approval:	23 March 2016
Responsibility for Policy:	Board Secretary
Responsibility for Review:	Board Secretary
Date of Last Review:	31 March 2020
Date of Last Revision:	September 2014
Date of Next Review:	31 March 2023

1 Board of Governors

General

The Board shall observe the Standing Orders and its Articles of Association in all its business.

- 1.1 The Board has responsibility for overseeing the business of the College, determining its future direction and fostering an environment in which the College mission is achieved and the potential of all learners is maximised.
- 1.2 The Board of Governors must ensure compliance with the statutes, ordinances and provisions regulating the College and its framework of governance and, subject to these, take all final decisions on matters of fundamental concern to the College.
- 1.3 The decisions of the Board of Governors will be minuted and published when approved, except, exceptionally, for sections which are confidential or commercially sensitive.
- 1.4 The following items are retained **for approval by the Board**, upon advice from or recommendation by the relevant Committee where appropriate and may not be delegated:
 - i. the planning cycle and calendar for production proposed by the Executive Management Team for the preparation of the College Strategic Plan, and to approve the Plan itself before publication;
 - ii. the annual accounts, following consideration by the Finance & General Purposes and Audit committees (at their annual joint meeting of the year);
 - iii. the college budget proposals, following consideration by the Finance & General Purposes Committee, and to set annually the parameters for College staff pay awards and conditions;
 - iv. the appointment of the Principal and to participate in the appointment process relative to the appointment of members of the College's senior management team;
 - v. any financial packages in excess of statutory provisions, for severance payments, following consideration by the HR and Remuneration Committee;
 - vi. membership of new Board Members - following consideration by the Nominations Committee - and membership of all committees and their Committee chair;
 - vii. To ensure that the arrangements made to implement the College Health and Safety Management System are effective; and
 - viii. To assume responsibility for identifying, evaluating and managing the College's significant risks, and review the operating, financial and compliance controls that have been implemented to mitigate these risks.

Health and Safety

- 1.5 Ensure the health and safety policy of Argyll College is reviewed at least annually.
- 1.6 Receive reports that detail the approach to health and safety in the college and how the college meets the college's legal obligations.
- 1.7 Receive health and safety audit reports and determine any necessary arising actions.
- 1.8 Ensure that action is taken to promote the health and safety of staff, students and others within the college.
- 1.9 Consider any reports from external enforcing authorities under health and safety legislation or other bodies and ensure that issues where weakness is identified are addressed fully by the college.
- 1.10 Consider and agree setting and measuring of health and safety performance standards

Membership

- 1.11 The membership of the Board will be constituted as required by the College Articles of Association.
- 1.12 A quorum shall consist of 8 Directors of the Board with independent members being in the majority at the meeting.
- 1.13 The Board must be chaired by an independent member.
- 1.14 The Board may appoint advisors who are not members of the Board of Governors and who have particular, relevant experience or expertise to attend meetings of the Board and/or its committees. Advisors may not vote in any decisions by the Board and/or committee,
- 1.15 The Board Secretary shall normally be in attendance.

Frequency of Meetings

- 1.16 The Board shall meet no less than four times each year.

Reporting

- 1.17 The decisions of the Board of Governors will be minuted and published whenever possible.

2 Audit Committee**Composition**

- 2.1 The Audit Committee will have a minimum of four members of the Board. For a meeting to be quorate, **three members** must be present.

- 2.2 The Committee should have a range of skills and experience and at least one member should be financially qualified or have considerable financial experience.
- 2.3 The Audit Committee has the authority of the Board to investigate any matters within its remit, and full access to any information and personnel required.
- 2.4 The Finance Director, or their nominee, should be in attendance at each meeting. The Chair of the Board, the Chair of the Finance and General Purposes Committee and the Principal *are invited to attend meetings*. The College's appointed internal and external auditors will be invited to send representatives to each meeting.
- 2.5 Members of the Finance and General Purposes Committee, the staff Board members or anyone with executive authority in the College may not be *members* of the Audit Committee.

Frequency

- 2.6 The Committee should normally meet at least three times per year, one meeting of which will be a joint meeting with Finance and General Purposes Committee to consider the annual financial statements and accompanying external auditor report. The Committee will annually hold a private meeting (without College executives present) with the Internal Auditor and External Auditor to discuss audit issues.

Overall Purpose

- 2.7 The purpose of the Audit Committee is to assure the Board of Governors that Argyll College has in place a system of governance, internal control and risk management which is being maintained and developed to meet legislation and regulations applying to the sector.

Remit and Duties Probity

- 2.8 Advise on the selection, appointment, remuneration or removal of the internal audit provider.
- 2.9 Agree an internal audit work programme annually based on an audit needs assessment.
- 2.10 Receive the internal audit reports as per the agreed work programme and ensure that recommendations are adequately responded to by the college.
- 2.11 Receive an annual report from the internal auditor which should include an opinion on the degree of assurance that can be placed on the systems of internal control and any follow-up actions still outstanding which should be closed off by the College.
- 2.12 Review the statement of corporate governance to be included with the annual financial statements.
- 2.13 Approve the Accounting Policies and review the annual financial statements (jointly with the Finance and General Purposes Committee) with a view to recommending them to the Board for approval.

- 2.14 Review the external audit strategy and plan.
- 2.15 Receive the external auditor annual report and management letters and to ensure that any recommendations are adequately responded to by the College.
- 2.16 Monitor the effectiveness of internal and external audit service and promote coordination between the two.
- 2.17 Advise the Board on the terms of reference for the internal audit service including the adequacy of the resourcing of the service.
- 2.18 Review the effectiveness of financial and other control systems ensuring value for money.
- 2.19 Oversee the policies on fraud and irregularity and receive reports on any fraud or irregularity, potential or real, ensuring that action is taken by the college to address these.
- 2.20 Receive an annual report on any matters of whistleblowing or disclosure and ensure that any recommendations from these are adequately responded to by the college.

Risk Management

- 2.21 Monitor and ensure the effectiveness of the college's approach to risk assessment and management through regular review of the Risk Register and other reports and appropriate recommendations to the Board.
- 2.22 Review the prioritisation of risk management taking into account financial, reputational, commercial and other risks
- 2.23 Request reviews by the college of areas of high or escalating risk ensuring that recommendations from these are adequately responded to.
- 2.24 Receive ad-hoc reports on matters of potential reputational, commercial and/or financial risk and ensure that the college's approach to managing the risks is appropriate and adequate.

Value for Money

- 2.25 Establishing and overseeing a review process for evaluating the effectiveness of the College's arrangements for securing the economical, efficient and effective management of the College's resources.
- 2.26 Advising the Board on potential topics for inclusion in a programme of value for money reviews and of action that it may wish to consider in the light of national value for money studies in the further education sector.

Other Matters

- 2.28 Receive and review reports related to the work of the Committee prepared by external bodies.
- 2.29 In the event of the merger or dissolution of the College, ensure that the necessary actions are completed, including arranging for a final set of financial statements to be completed and signed.

Reports from the Committee

- 2.30 Report to each Board of Governors meeting the relevant matters discussed within the Committee.
- 2.31 Prepare an annual report from the Audit Chair to the Board of Governors that gives an opinion on the system of governance, internal control and risk management within the college. The report should accompany the year-end financial statements.

3 Finance and General Purposes Committee**Composition**

- 3.1 The Finance and General Purposes Committee will have a minimum of four members of the Board, including the Principal and the Chair.
- 3.2 For a meeting to be quorate, *three members* must be present.
- 3.3 The Committee should have a range of skills and experience and at least one member should have a background in finance, accounting or audit.
- 3.4 The Finance Director should be in attendance at each meeting. The Chair of Audit is invited to attend meetings.

Frequency

- 3.5 The Committee should normally meet four times per year, one meeting of which will be a joint meeting with the Audit Committee to consider the annual financial statements and accompanying external audit report.

Overall Purpose

- 3.6 The purpose of the Finance and General Purposes Committee is to assure the Board of Governors that Argyll College has appropriate strategies, plans (including estates plan), budgets and controls in place which manage identified risks and create a sustainable and stable College.

Remit and Duties**Financial Control**

- 3.7 Monitor the financial control of the College and to keep the Financial Regulations under review.
- 3.8 Monitor the Treasury Management policy providing a strategy for cash management, investments and borrowings.
- 3.9 Monitor expenditure and income against budget and report to the Board where action is required.

- 3.10 Review and approve the establishment of any arrangements to provide the College with banking facilities. This is subject to the authorisation limits set by SFC for the drawing down of loans.
- 3.11 Approve the policy for fee waivers and the write off of bad debts within limits set in the Financial Regulations.
- 3.12 Consider and recommend to the Board the level of tuition fees and other charges.
- 3.13 Monitor capital expenditure against agreed development plans.
- 3.14 To oversee and advise the Board on insurance arrangements.
- 3.15 Consider financial benchmarking information and monitor unit costs.

Financial Management

- 3.16 Advise the Board on financial strategy.
- 3.17 Approve all strategic decisions in relation to college finance within the scheme of delegation.
- 3.18 Consider and recommend to the Board the College's annual budget.
- 3.19 Consider jointly with the Audit Committee and recommend to the Board the college's annual financial statements.
- 3.20 Ensure the college works within the Financial Memorandum of Understanding with the Scottish Funding Council
- 3.21 Review the effectiveness of financial management.
- 3.22 Consider, and contribute to, the overall risk management strategy of the college and to monitor strategic risks which might have an impact on the financial health of the college.

Estates

- 3.23 Ensure compliance with statutory and regulatory requirements.
- 3.24 Oversight of the college estates strategy and ensure that it is consistent with the college's overall strategy.
- 3.25 Provide assurance to the Board that the estates strategy is fit for purpose and sustainable.
- 3.26 Oversight of the existing buildings and estates are fit for purpose.
- 3.27 Oversight of the maintenance of existing buildings and estates.
- 3.28 Provide a healthy and safe environment for the College's staff, students and visitors.
- 3.29 Receive and review reports on estate related matters.

Commercial

- 3.30 Review the commercial strategy of the college and recommend any action to the Board.

- 3.31 Monitor the performance of the commercial activity against budget.
- 3.32 Receive information on the commercial tenders and contracts and their performance

ICT

- 3.33 Review the ICT strategy of the college and recommend any action to the Board.
- 3.34 Monitor ICT related policies and recommend any action to the Board.
- 3.35 Receive and review reports related to the work of the Committee prepared by external bodies

Reports from the Committee

- 3.36 Report to each Board of Governors meeting relevant matters discussed within the Committee
- 3.37 Report to the relevant Committee of the Board of Governors matters that impact on their remit

4 Human Resources & Remuneration Committee

Composition

- 4.1 The Human Resources & Remuneration Committee will have a minimum of four members of the Board, one of whom shall be the Principal who must withdraw from the meeting where his/her remuneration is discussed.
- 4.2 For a meeting to be quorate, **two members** must be present. The Chair of the Board may be a member but may not chair this committee. At least one member of the committee should, ideally, have a background in human resource management.
- 4.3 The Depute Principal with responsibility for HR, or their nominee, should be in attendance at each meeting except where the Principal's remuneration is discussed.

Frequency

- 4.4 The Committee shall meet three times a year, and no less than twice a year.

Purposes

- 4.5 The purposes of the Human Resources & Remuneration Committee are to assure the Board of Governors that Argyll College has in place appropriate policies and procedures relating to the Board's responsibilities as the employer of the College's staff, ensuring that these promote a positive and inclusive culture and satisfy relevant legislation. The Committee is also responsible, annually, for reviewing and recommending the remuneration package of the Principal following annual appraisal.

Remit and Duties

- 4.6 Ensure the college is operating within all legal requirements relating to Employment Law and other legislation affecting employment.
- 4.7 Review the human resources strategy to ensure fit with the overall strategy of the College.
- 4.9 Review and recommend for Board approval the *College's policy for the remuneration of the Principal*.
- 4.10 Consider and determine all matters relating to the remuneration package, including terms and conditions of employment (and where appropriate, severance payments) of the Principal and other senior staff (as appropriate).
- 4.11 Monitor that the staff structure and associated pay and conditions are determined properly, with due regard for appropriate internal and external parity and that pension arrangements are being managed. This shall include reference to Scottish Government's approach to remuneration within the public sector.
- 4.12 Discuss and agree proposed staff pay increases in advance of the annual Business Plan being submitted for Board approval.
- 4.13 Support the Chair of the Board with an annual review of the performance of the Principal. This may include setting of performance targets or indicators as required.
- 4.14 Receive reports and assurance that the college has developed an appropriate equality impact assessment process and procedure.
- 4.15 Endorse key policies and procedures that affect staff ensuring that these meet legislative requirements and thereafter monitor these policies on a regular basis.
- 4.16 Receive reports on the development opportunities available to staff, the take up of these and the impact on the college
- 4.17 Ensure the College develops and has in place an effective Staff Performance Appraisal framework monitored through regular statistical reports to the Committee.
- 4.18 Monitor policies and practices within the College, including those relating to recruitment and selection, terms and conditions of employment, Discipline and Grievance, Health and Safety, and training and development.
- 4.19 Oversee the development of human resources services within the College, commissioning and monitoring contracts for the provision of external support including Employment Law advice, Occupational Health support, computerised human resources systems.

Other Matters

- 4.20 Receive and review reports related to the work of the Committee prepared by external bodies.

Reports from the Committee

- 4.21 Report to each Board of Governors meeting relevant matters discussed within the Committee
- 4.22 Recommend to the Board any annual pay increase for all staff and remuneration of the Principal.
- 4.23 Report to the relevant Committee of the Board of Governors matters that impact on their remit.

5 Learning, Teaching and Engagement Committee**Composition**

- 5.1 The committee will have a minimum of 4 members of the Board, including the Staff representatives and student representative of the Board.
- 5.2 In order to be quorate, **three members** must be present, at least one of whom must be an external (independent) Governor.
- 5.3 The Depute Principal will be in attendance at meetings.

Frequency

- 5.4 The committee will meet at least four times per year.

Overall Purpose

- 5.5 The Purpose of the Learning, Teaching and Engagement Committee is to advise and make recommendations to the Board on all matters relating to learning and teaching, curriculum development and the student experience.

Remit and Duties

- 5.6 Provide oversight to the quality assurance and enhancement processes of the College.
- 5.7 Provide oversight of the College's preparations for Education Scotland annual engagement visit and full review. Receive actions plans resulting from any Education Scotland visit and from any audit from SQA or other awarding bodies.
- 5.8 Promote the adoption of innovative methods of learning and teaching on all courses within the College.
- 5.9 Monitor the implementation of policies relating to student feedback, student complaints, student discipline and academic appeals.
- 5.10 Review minutes and reports from relevant committees and other forums within the College.

6 Nominations Committee

Composition

- 6.1 The Nominations Committee will have a minimum of three independent Board members one of whom will be the Chair of the Board.
- 6.2 For a meeting to be quorate, **two members must be present**.
- 6.3 The Principal shall be invited to attend but should not be a member of this Committee.
- 6.4 The Committee should meet at least once a year.

Overall Purpose

- 6.5 The purpose of the Nominations Committee is to ensure that Argyll College has arrangements in place for the recruitment and selection of Board members.

Remit and Duties

- 6.6 Determine the process for identifying candidates to join the Board.
- 6.7 Select candidates to join the Board of Governors following good practice, making recommendations to the Board on appointees.
- 6.8 Oversee the administration process for appointment of governors.
- 6.9 Review and consider the composition and balance of the Board in relation to equality of representation as well as particular skills that may be required.
- 6.10 Develop policies and procedures for the induction, training and development of Board members.
- 6.11 Oversee the planning of the Board's training and development programme.
- 6.12 Oversee policy in relation to re-appointment of Board members.
- 6.13 Establish succession planning arrangements for the Board and its Committees.
- 6.14 Advise the Board about the Committee arrangements and their effectiveness including arrangements for self-evaluation of the Board, its Standing Committees and its Chairs.
- 6.15 Advise the Board about membership of the Board's committees.
- 6.16 Review the de-selection process at least annually.
- 6.17 Instigate the de-selection process where required.

Other Matters

- 6.18 The Board Secretary will inform the Chair of the Board of forthcoming vacancies as Board Members complete their terms of office.

- 6.19 The Board Secretary will maintain a skills matrix of current Board Members to assist the Committee to determine the skills and experience required of prospective members.

Reports from the Committee

- 6.20 Report to each Board of Governors meeting relevant matters discussed within the Committee.
- 6.21 Report to the relevant Committee of the Board of Governors matters that impact on their remit.

Consultation on changes to the University's Resource Allocation Model | Co-chomhairleachadh air atharrachaidhean air Modh Riarachadh Ghoireasan an Oilthigh

This paper seeks the views of academic partners on proposed changes to the way that the university allocates teaching funding to academic partners for further and higher education.

Rationale for change

The partnership assembly report, agreed by the partnership and the university, recommended that 'we review our financial allocation mechanism to ensure it is fit for purpose' and that we 'invest in a system that captures the cost and value of delivery'. Since those recommendations were made in late 2019 there have been two key developments. Firstly, the partnership agreed at the Regional Strategy Committee in May 2020 to undertake a fundamental review of the curriculum we offer and how we inform, plan and make decisions on what we offer. The second is the Covid-19 pandemic and its likely impact on future funding and on changing patterns of demand. This situation increases the urgency for a resource allocation method that supports the right provision for the region in as efficient a way as possible.

More recently, the Scottish Funding Council (SFC) has signalled potential changes in the way that it funds both colleges and universities as part of its review of financial sustainability and coherent provision. While it is too early to say what the final shape of the SFC changes will be and when they will be implemented, the broad strategy – moving towards a more common tertiary approach, potentially including the ability for a tertiary institution to move funding between FE and HE – are consistent with the

Tha am pàipear seo a' sireadh bheachdan chom-pàirtichean acadaimigeach air atharrachaidhean a chaidh a mholadh san dòigh sa bheil an t-oilthigh a' riarachadh maoineachadh teagaisg do chom-pàirtichean acadaimigeach airson foghlam adhartach agus àrd-ìre.

Feallsanachd airson atharrachadh

Mhol aithisg co-chruinneachadh com-pàirteachais, a chaidh aontachadh leis a' chom-pàirteachas agus an t-oilthigh, 'gum bi sinn ag ath-sgrùdadh ar uidheamachd riarachadh ionmhais gus dèanamh cinnteach gu bheil e iomchaidh airson adhbhar 'agus gum bi sinn' a' tasgadh ann an siostam a ghlacas cosgais agus luach lìbhrigidh'. Bho chaidh na molaidhean sin a dhèanamh aig deireadh 2019 tha dà phrìomh leasachadh air a bhith ann. An toiseach, dh' aontaich an com-pàirteachas aig a' Chomataidh Ro-innleachd Roinneil sa Chèitean 2020 sgrùdadh bunaiteach a dhèanamh air a' churraicealam a tha sinn a' tabhann agus mar a bhios sinn a' fiosrachadh, a' dealbhadh agus a' dèanamh cho-dhùnaidhean air na tha sinn a' tabhann. Is e an dàrna fear galar lèir-sgaoilte Covid-19 agus a' bhuaidh a dh' fhaodadh a bhith aige air maoineachadh san àm ri teachd agus air pàtrain iarrais caochlaideach. Tha an suidheachadh seo a' meudachadh na h-èiginn airson modh riarachadh ghoireasan a bheir taic don t-solar cheart airson na sgìre, ann an dòigh cho èifeachdach sa ghabhas.

O chionn ghoirid, tha Comhairle Maoineachaidh na h-Alba (SFC) air comharrachadh atharrachaidhean a dh' fhaodadh a bhith ann san dòigh sa bheil i a' maoineachadh gach cuid colaistean agus oilthighean mar phàirt den ath-bhreithneachadh aca air seasmhachd ionmhais agus solar ciallach. Ged a tha e ro thràth a ràdh dè an cumadh deireannach a bhios air na h-atharrachaidhean SFC agus cuin a thèid an cur an gnìomh, tha an ro-innleachd fharsaing - a' gluasad a dh' ionnsaigh dòigh-obrach treas-ìre nas cumanta, a' toirt a-steach comas do stèidheachd treas ìre maoineachadh a ghluasad eadar FE agus HE - a rèir nàdar

broadly tertiary nature of the changes that we are proposing in this paper.

Scope of the review

This review covers both further and higher education. Currently the university allocates FE funding on the same basis that SFC allocates it to colleges, with a very small top slice to cover some of the cost of the university's FE-specific staff and activities. HE allocations are based primarily on teaching volume, with some additional allocations for academic leadership, after a top slice to cover university costs (management costs, core academic assurance as well as services for the academic partners such as information and communication technology, library, and digital subscriptions).

The purpose of our Resource Allocation Model

The university is a partnership that serves the people and economy of our region and its localities. It receives funding from the SFC to support education at both HE and FE level in the partners.

The purpose of a resource allocation model is to use that funding as effectively as possible to ensure that our collective ambitions for the region are met and we are also funding the capacity for our academic partners to respond to local or specialist needs.

We will continue to recognise the difference between further and higher education in our funding as we are currently funded separately by SFC for the two types of education. However, we are a tertiary institution and so we want to make the most of synergies between further and higher education.

The review of the RAM is linked to several other change processes that are underway at the moment.

farsaing treas ìre nan atharrachaidhean a tha sinn a' moladh sa phàipear seo.

Farsaingeachd an ath-bhreithneachaidh

Tha an lèirmheas seo a' còmhachadh an dà chuid foghlam adhartach agus àrd-ìre. An-dràsta bidh an t-oilthigh a' riarachadh maoineachadh FE air an aon bhunait a bhios SFC ga riarachadh gu colaistean eile, le pìos beag gu math beag airson cuid de chosgaisean luchd-obrach agus gnìomhan sònraichte FE an oilthigh a phàigheadh. Tha cuibhreannan HE stèidhichte sa mhòr-chuid air bunait tomhas teagaisg, le cuid de chuibhreannan a bharrachd airson ceannardas acadaimigeach, às deidh gearradh mòr gus cosgaisean oilthigh a chòmhdach (cosgaisean riaghlaidh, prìomh dhearbhadh acadaimigeach a bharrachd air seirbheisean dha na com-pàirtichean acadaimigeach leithid teicneòlas fiosrachaidh agus conaltraidh, leabharlann, agus fo-sgrìobhaidhean didseatach.

Adhbhar ar Modail Riarachadh Ghoireasan

Tha an t-oilthigh na chom-pàirteachas a tha a' frithealadh dhaoine agus eaconamaidh na sgìre againn agus na sgìrean ionadail. Bidh e a' faighinn maoineachadh bhon SFC gus taic a thoirt do fhoghlam aig ìre HE agus FE anns na com-pàirtichean.

Is e adhbhar dòigh riarachadh ghoireasan a bhith a' cleachdadh a' mhaoineachaidh sin cho èifeachdach sa ghabhas gus dèanamh cinnteach gu bheil a' coileanadh ar rùintean coitcheann airson na sgìre agus tha sinn cuideachd a' maoineachadh comas ar com-pàirtichean acadaimigeach freagairt ri feumalachdan ionadail no speisealta.

Leanaidh sinn oirnn ag aithneachadh an eadar-dhealachadh eadar foghlam adhartach agus àrd-ìre anns a' mhaoineachadh againn oir tha sinn an-dràsta air ar maoineachadh air leth le SFC airson an dà sheòrsa foghlaim. Ach, tha sinn nar stèidheachd treas ìre agus mar sin tha sinn airson a' chuid as fheàrr a dhèanamh de cho-obrachadh eadar foghlam adhartach agus àrd-ìre.

Tha an lèirmheas air an RAM ceangailte ri grunn phròiseasan atharrachaidh eile a tha a' dol air adhart an-dràsta.

Link to curriculum review

There is currently a separate process underway within the partnership to review the way that the partnership makes decisions on curriculum. It is likely to group our provision in four categories: regional core, local, attractor and non-SFC.

With all provision we need strong mechanisms in place to inform our decisions on what to provide in future and we need sufficient resources to support changes. The way that we allocate funding – this review of the resource allocation method – should support the implementation of that curriculum review.

Link to review of FE credit allocation

The Regional Strategy Committee decided in principle at its November meeting to move to a system that better linked funding for FE activity to delivery of the credit target for a partner. It further agreed to explore periodically reallocating credit targets based on performance against previous credit targets and changing economic and demographic factors. We will discuss the ways of doing this over the next few months. In introducing any change we will need to consider carefully the evidence we use for change and the impact on institutional stability. There is an overlap between the review of the RAM and any changes to credit allocation. The changes proposed in this consultation – splitting funding between an ‘institutional element’ and volume payment for activity – may make it easier to move to a different way of allocating credits.

Ceangal gu lèirmheas a ’churraicealaim

Tha pròiseas air leth an-dràsta air tòiseachadh taobh a-staigh a ’chompàirteachais gus ath-sgrùdadh a dhèanamh air an dòigh sa bheil an com-pàirteachas a’ dèanamh cho-dhùnaidhean air a ’churraicealam. Tha e dualtach an solar againn a chuir còmhla ann an ceithir roinnean: cridhe roinneil, ionadail, tarraingeach agus neo-SFC.

Leis a h-uile solar feumaidh sinn dòighean làidir nan àite gus fiosrachadh a thoirt do ar co-dhùnaidhean air dè a bu chòir a thoirt seachad san àm ri teachd agus tha feum againn air goireasan gu leòr gus taic a thoirt do atharrachaidhean. Bu chòir don dòigh anns am bi sinn a ’riarachadh maoineachadh - an ath-bhreithneachadh seo air an dòigh riarachadh ghoireasan - taic a thoirt do bhuileachadh an ath-bhreithneachaidh curraicealaim sin.

Ceangal gu lèirmheas air riarachadh creideas FE

Cho-dhùin a ’Chomataidh Ro-innleachd Roinneil ann am prionnsapal aig a’ choinneimh aca san t-Samhain gluasad gu siostam a bha a ’ceangal maoineachadh nas fheàrr airson gnìomhachd FE ri lìbhrigeadh an targaid creideis airson com-pàirtiche. Dh'aontaich iad cuideachd sgrùdadh a dhèanamh air targaidean creideis ath-riarachadh bho àm gu àm stèidhichte air coileanadh mu choinneamh thargaidean creideis roimhe agus factaran eaconamach is deamografach ag atharrachadh. Bruidhnidh sinn mu na dòighean air seo a dhèanamh thairis air na mìosan a tha romhainn. Ann a bhith a ’toirt a-steach atharrachaidhean sam bith feumaidh sinn beachdachadh gu faiceallach air an fhianais a bhios sinn a’ cleachdadh airson atharrachadh agus a ’bhuidh air seasmhachd stèidheachd. Tha tar-lùbadh eadar ath-bhreithneachadh an RAM agus atharrachaidhean sam bith ann an riarachadh creideas. Dh ’fhaodadh gum bi na h-atharrachaidhean a chaidh a mholadh sa cho-chomhairle seo - a’ roinneadh maoineachadh eadar ‘eileamaid stèidheachdail’ agus pàigheadh meud airson gnìomhachd ga dhèanamh nas fhasa gluasad gu dòigh eadar-dhealaichte airson creideas an riarachadh.

Aims of the RAM review

We can only serve the region if our constituent parts are operating effectively and efficiently. For that reason, we seek to both incentivise that the maximum amount of our funding is used to support directly student-facing activity while maintaining the financial viability of the academic partners. To do that we propose to fund in ways that incentivise common services and the most efficient structures both in the partners and the university centrally. We also want to encourage networking of courses in order to expand the curriculum offer available to students across the partnership.

The principles of the proposed model

The principles behind the model are that it is:

- Transparent – decisions on funding and the rationale for those decisions should be open and it should be clear what funding is going where for all of our funded provision in both partners and the university centrally.
- Simple – we should not have unnecessary differences between higher and further education funding methodology and it should be clear what will be delivered in return for funding.
- Equitable – recognising that to support equivalent levels of provision across our region we may need to fund partners differently.
- Student-focussed – its purpose should be to support provision that is high quality and which provides students with the educational outcomes they seek.
- Based on partnership and the needs of the region and its localities – our method should not incentivise intra-partner competition, but rather should support partnership working and the aims of the partnership in serving the region and its localities. It must ensure that decisions are taken at the right level - academic partners for local or specialist provision, regionally where necessary.
- Responsive – the method should not inhibit changes in provision which reflect changes in demand.
- Accountable – it should be one that supports clear accountability regarding what the funding is intended to provide, both for the academic partners and for central services.

Key elements of the proposed new model

We are proposing four main changes

- The introduction of an 'institutional element' into the funding model so that partners receive a payment for non-academic costs that is separate from the volume-based funding for activity (though in the initial years it will be partly related to volume).
- Spreading the funding retained for central costs (the top slice) across both HE and FE in a way that better reflects how the resource is used. (At the moment the top slice is almost entirely from the HE budget).
- Introducing an element of payment from non-SFC teaching income to the university. This would be used to cover essential central costs of validation and quality assurance and also create headroom for further investment in developing additional non-SFC income.
- Introduction of an annual funding agreement between the university and each academic partner which would define the expectations on the partners in return for funding while also specifying the expectations on the university in support for the academic partner.

Institutional element

Our partnership contains partners of very different sizes and with different delivery models. Often the smallest partners measured by volume are the ones that have, by necessity, the greatest number of campuses. A simple resource allocation model that pays for volumes of activity, even with weighting for more remote/island partners, does not suit us well.

While there are many ways that the funding could be allocated (including weighted premia, commissioning from partners, or using funding to incentivise particular provision) many of these methods could create instability in the academic partners and might not be effective ways of ensuring a coherent curriculum is available across the region. Institutional sustainability for the academic partners, including predictability of funding, were key factors in the preliminary discussion of new models. We are proposing a model that contains an 'institutional element' – in effect a block grant to cover some costs – as a way of acknowledging the different circumstances of the partners within a relatively simple system. This allows some separation between decisions on volume of activity and considerations on financial stability.

In the most minimal model this could simply be a way of funding the necessary additional costs of operating smaller or more remote partners. At the other end of the spectrum the institutional block grant could cover all the non-academic costs at all academic partners and also an element of the academic provision. While a larger institutional element would mean an apparently smaller unit of resource for academic provision, as some of the other costs currently covered by the unit of resource would be covered by the institutional element, this should not mean a smaller proportion of our funding ultimately supporting teaching. On the contrary, one of the attractions of an institutional element that covered a substantial element of the support costs in all partners is that it would make the proportions of funding being used for professional/support services (as opposed to teaching costs) more transparent. Setting these proportions correctly could incentivise sharing of professional services and maximising spend on teaching. Setting it incorrectly could have the opposite effect. Making the system work most effectively will therefore require effective implementation of the related Assembly recommendation to invest in a system that captures the cost and value of delivery. Given the importance of using our resources most efficiently, the view of the steering group was that models which had a relatively large institutional element were more likely to enable the partnership to target its funding most effectively. In the modelling for this consultation we have based part of the initial institutional element on a proportion of the current teaching funding. Over time, and as we developed better information on costs and more aligned services, this would change and would become a payment that was not directly related to changes in the volume of activity that we funded at the academic partner.

As well as the institutional element, there would be a volume-based payment for delivery of academic activity. Our view is that this needs to be done in a way that is as simple as possible and which encourages networking of teaching (that is different parts of courses being delivered by different academic partners, to a range of students enrolled in more than one academic partner). To do this we propose that in most cases we simply pay each partner directly for the proportion of a course they will provide. This is currently done for HE funding by a process (the microRAM) that re-allocates money within the academic year and which can lead to uncertainty in either funding level or the availability of networked courses. We propose that in future we allocate funding with a planned level of networked provision and adjust the level each year in a way that is informed by the actual figure for the previous year.

Funding for partnership services

Currently, for SFC teaching funding, the university retains a proportion of the SFC allocation to support central functions. These include essential regulatory and quality functions, services for the whole partnership and some funds that allocated back to partners.

The total budgets received from SFC for teaching activity in 2019/20 was £90,480,252, which was made up of £34,442,237 for HE, £9,185,714 from tuition fees and £43,685,301 for FE. This meant FE generated approximately 52% of 'teaching' income from SFC to the university and HE 48%. For 2018/19 the percentages were similar. While the income from teaching is broadly the same for the two types of education, the contribution to university services is not. The top slice of the budgets in 2019/20 totalled £15,615,988, with £346,205 coming from FE and £15,269,783 from HE budgets. This equates to 97.8% coming from HE and 2.2% from FE.

As some of the services provided by the university centrally are either tertiary in that they apply to the whole of what an academic partners does, whether HE or FE (the support for ICT is an example of this), or are provided to both HE and FE students (such as the student records system and reporting), it is not transparent or appropriate to fund this almost entirely from the HE budget. We are therefore proposing that the top slice for HE is reduced and the top slice for FE increased, to better reflect the balance of university services. We propose that the initial split between the two sectors would be 85% from HE and 15% from FE. This would mean that the HE top slice would be reduced from 35% of the SFC and SAAS teaching income to 30% and the FE top slice would increase from 0.7% to 5%.

These figures are modelled on keeping the total raised by the top slice at the current level. The amount of the top slice is contentious. However, amending the total amount of funding that is spent centrally as opposed to by partner is not the object of this review of the RAM. Clearly, other reviews and projects currently being undertaken as part of the Assembly/change management work may affect the amount of the top slice. Discussions regarding the amount will take place as part of the work on the overall financial strategy of the university partnership. In future, as we develop more precise information on the split of services, or the services themselves change, we would reconsider both the proportions applied to the HE/FE split and the overall amount of the top slice itself.

Even where services are funded from the top slice, we should not presume that they will be delivered by staff based in Inverness. Currently many staff funded from this source are based in partners across our region. The experience of the pandemic has show us that we could go further in locating staff elsewhere.

Non-SFC income

Our resource allocation model and the current arrangements for paying for central services do not apply to external income. We cannot (and should not) include external income in the RAM. It is often (though not always) generated by academic partners themselves and varies from year to year. However, we do propose applying a small contribution for central services from this income for two reasons: to recognise that – as with other provision – there will be an element of central cost in recruitment/student information and curriculum validation, as well as creating the resource to better develop and promote external income. In order to balance incentivisation of this income with central support, we propose that this contribution is smaller than the central contribution on SFC-funded provision. We propose to set this at 10%.

This new contribution would apply only to students who are not fundable by SFC and are charged a fee. It will not apply to income generated from non-academic activities. The group includes all taught HE students who do not have "SC" or "EU" fee statuses, as well as any commercial courses or students who are funded by, for example, SDS at a full cost recovery rate. The effect of this, based on the current income, is shown in the table below. Because of the

timing of this paper, for RUK and INT fee income, figures from 2018/19 have had to be used in the example, and not all full cost recovery course income may have been included.

The amounts affected by this proposal are shown below and are included in the modelling of the three options at the end of this document. This is for illustrative purposes. We recognise that there will be categories of teaching/training income that are not included in this table.

	18/19	18/19	19/20		
Academic Partner	RUK fees	INT fees	SDS funded	Total	10%
<u>Incorporated Colleges</u>					
Inverness College UHI	£212,947	£33,938	£1,285,957	£1,532,842	£153,284
Lews Castle College UHI	£20,160	£6,320	£53,259	£79,739	£7,974
Moray College UHI	£9,000	£0	£420,386	£429,386	£42,939
North Highland College UHI	£31,220	£11,120	£280,708	£323,048	£32,305
Perth College UHI	£95,689	£625,925	£627,468	£1,349,083	£134,908
<u>Assigned Colleges</u>					
Orkney College UHI	£71,420	£65,270	£170,030	£306,720	£30,672
Shetland College UHI	£9,300	£10,820	£37,988	£58,108	£5,811
West Highland College UHI	£69,820	£8,563	£181,178	£259,561	£25,956
Argyll College UHI	£0	£0	£130,569	£130,569	£13,057
<u>Other</u>					
Highland Theological College UHI	£43,420	£0	£0	£43,420	£4,342
NAFC Marine Centre UHI	£0	£0	£0	£0	£0
Sabhal Mor Ostaig UHI	£15,395	£52,200	£71,520	£139,115	£13,911
S.A.M.S. UHI	£54,000	£0	£0	£54,000	£5,400
UHI EO (UG optometry, PGT nursing and PGT history)	£55,000	£0	£0	£55,000	£5,500
	£687,371	£814,156	£3,259,062	£4,760,590	£476,059

The three modelled options

We have modelled three options in the tables at the end of this paper. They are all based the principles above.

Models 1 and 2 contain many elements in common. In both models we have set the initial institutional element at 25% of current funding. This is something that may change over time as we get better evidence on costs, reduce non-academic costs and perhaps move to a banded model for institutional elements. The use of a percentage at this stage is intended to provide a smooth transition. In both models we have also included a rurality element for HE provision that would cost £2M. This is something that does not exist at the moment.

In model 1 we have included a payment for academic leadership and provision that is set at 10% of current activity allocated pro rata to current academic leadership payments.

Model 2 is essentially the same as model 1, but in this case the payment for academic leadership and provision is capped at £2M and allocated across the partners pro rata to current academic leadership payments.

Model 3 is the 'smoothed option'. This option is intended to introduce the new model with as little initial turbulence for partners as possible. We have adjusted the parameters in the model of reduce significant variation between the existing funding and the proposed model. To do this we have started to merge some of the funding for the additional costs of national bargaining into the volume payment (about £2.6m of the £11.6m) and reduced the new HE rurality to £1M (as opposed to £2M for this new payment in the other options). As we will need to begin to move from a funding model based on the current cost of national bargaining at some point in the near future anyway, there are argument for this option that go beyond reducing turbulence . Once the new model is in place we would be able to adjust the parameters over a period of years in a way that might lead to eventual change in funding levels but there would be no significant immediate impact and therefore not need for a transition period.

Funding agreements

Currently there is a partnership agreement between the university and the academic partners that defines the relationship between the two. In order to make the system we propose work more effectively, we propose that there should also be an annual funding agreement between the university and each academic partner. The agreement would specify the expectations of the university for the institutional element, the volume-related funding, and the service and benefits the university would deliver from the new contribution from non-SFC income. This would assist us in being able to eliminate the in-year changes through the microRAM and would also enable us to include elements such as payments for programme leadership in the institutional element. It would also allow a framework for adjusting funding and – where targets had not been met – recovering funding, which would normally be taken back the following academic session. Most importantly, it should be an important tool for delivering the outcome of the curriculum review. The agreements could also specify expectations of the partner on the university, in particular in those areas where the university is providing a service on behalf of the partnership.

This system would require a new agreement each year to reflect the agreed activity for that year. However, our expectation would be that the content of the agreement would be similar in each year, which would mean the annual discussion and the resulting process would be focussed and avoid unnecessary bureaucracy.

Timing of implementation and next steps

Our intention is to introduce the new system for the 2021-22 academic year. In order to do that we will finalise arrangements in the light of this consultation and consider whether we need transitional arrangements.

Following consideration of the responses to this consultation by the partnership council in February, the finalised proposal will be considered by the Regional Strategy Committee and the Finance and General Purposes Committee in February, and a recommendation made to the university court in March. Subject to agreement at those bodies we would then intend to use the new model in making funding allocations in the spring of 2021 for academic year 2021-22.

Consultation questions for academic partners | Ceistean co-chomhairleachaidh airson com-pàirtichean acadaimigeach

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| <ul style="list-style-type: none">• Do you agree with our proposal to introduce an institutional element to our funding model?• Do you have views on which of the models of institutional element better meets the needs of the partnership?• Do you agree with the proposal to spread the cost of the central university service more equitably and transparently across further and higher education funding?• Do you agree with the principle of a proportion of external income being contributed to the partnership centrally and if so, do you agree with the proposal that it initially be set at 10% of teaching income?• Do you agree with the proposal for an annual funding agreement between the university and each partner to provide clarity of expectation on both sides?• Do you have any other comments on the issues covered by this consultation? | <ul style="list-style-type: none">• A bheil thu ag aontachadh ris a 'mholadh againn feart bunaiteach a thoirt a-steach don mhodail maoineachaidh againn?• A bheil beachdan agad air dè na modailean de eileamaid stèidheachd a choinnicheas nas fheàrr ri feumalachdan a 'chompàirteachais?• A bheil thu ag aontachadh ris a 'mholadh gus cosgais prìomh sheirbheis an oilthigh a sgaoileadh ann an dòigh nas cothromaiche agus nas soilleire thar maoineachadh foghlam adhartach is àrd-ìre?• A bheil thu ag aontachadh ris a 'phrionnsapal gum bi cuibhreann de theachd-a-steach taobh a-muigh air a chuir ris a' chompàirteachas gu meadhanach agus ma tha, a bheil thu ag aontachadh ris a 'mholadh gum biodh e air a shuidheachadh an toiseach aig 10% den teachd-a-steach teagaisg?• A bheil thu ag aontachadh ris a 'mholadh airson aonta maoineachaidh bliadhnail eadar an t-oilthigh agus gach com-pàirtiche gus soilleireachd dùil a thoirt seachad air gach taobh?• A bheil beachdan sam bith eile agad air na cùisean a tha air an còmhachadh leis a 'cho-chomhairle seo? |
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Deadline for responses | Ceann-latha airson freagairtean

Responses should be sent to John Kemp (john.kemp@uhi.ac.uk) by Friday 18 December. | Bu chòir freagairtean a chuir gu John Kemp (john.kemp@uhi.ac.uk) ro Dihaoine 18 Dùbhlachd.

Model 1	Volume	National Pay Bargaining	SMO	Sub - Total	HE Rurality £2M (added to existing FE rurality)	Non - academic costs – 25% of current activity	Academic leadership set at 10% of current activity	Cash Distribution				EO Topslice	Total Funding
								Revised	Budget	Variance (£)	Variance (%)		
<u>Incorporated Colleges</u>													
Inverness College UHI	£9,431,562	£1,939,576	£0	£11,371,138	£0	£3,629,108	£1,430,023	£16,430,269	£16,662,704	£(232,435)	-1.4%	£4,055,194	£20,485,464
Lews Castle College UHI	£1,614,458	£659,910	£0	£2,274,368	£1,224,893	£613,597	£536,786	£4,649,643	£4,517,615	£132,028	2.9%	£641,562	£5,291,205
Moray College UHI	£5,905,810	£1,209,174	£0	£7,114,984	£324,055	£2,288,678	£486,082	£10,213,799	£10,765,703	£(551,904)	-5.1%	£2,502,487	£12,716,286
North Highland College UHI	£3,187,504	£834,547	£0	£4,022,051	£1,389,672	£1,224,266	£436,962	£7,072,951	£7,116,396	£(43,445)	-0.6%	£1,120,280	£8,193,231
Perth College UHI	£9,722,947	£1,831,200	£0	£11,554,147	£0	£3,715,506	£1,551,021	£16,820,675	£17,199,137	£(378,462)	-2.2%	£4,722,743	£21,543,418
<u>Assigned Colleges</u>													
Orkney College UHI	£983,241	£923,002	£0	£1,906,243	£1,109,631	£380,953	£421,097	£3,817,924	£3,145,088	£672,836	21.4%	£371,180	£4,189,104
Shetland College UHI	£1,021,420	£524,149	£0	£1,545,569	£1,155,576	£392,941	£89,946	£3,184,033	£2,864,098	£319,935	11.2%	£325,973	£3,510,006
West Highland College UHI	£1,818,833	£1,864,167	£0	£3,683,000	£1,066,266	£703,055	£105,843	£5,558,164	£5,584,165	£(26,002)	-0.5%	£667,873	£6,226,036
Argyll College UHI	£1,657,826	£1,839,947	£0	£3,497,773	£1,118,424	£638,402	£5,258	£5,259,856	£5,393,308	£(133,452)	-2.5%	£569,794	£5,829,651
<u>Other</u>													
Highland Theological College UHI	£186,710	£0	£0	£186,710	£0	£81,282	£87,934	£355,927	£286,390	£69,537	24.3%	£152,993	£508,920
North Atlantic Fisheries College UHI	£83,414	£0	£0	£83,414	£0	£29,070	£6,243	£118,727	£143,737	£(25,010)	-17.4%	£54,717	£173,444
Sabhal Mor Ostaig UHI	£268,247	£0	£146,305	£414,552	£0	£115,654	£131,482	£661,688	£586,195	£75,493	12.9%	£217,688	£879,376
S.A.M.S. UHI	£325,477	£0	£0	£325,477	£0	£113,431	£64,357	£503,265	£494,280	£8,985	1.8%	£213,504	£716,768
UHI EO	£0	£0	£0	£0	£0	£0	£217,343	£217,343	£65,446	£151,897	232.1%	£0	£217,343
Buffer	£0	£0	£0	£0	£0	£0	£0	£0	£40,000	£(40,000)	-100.0%	£0	£0
	£36,207,450	£11,625,672	£146,305	£47,979,427	£7,388,517	£13,925,942	£5,570,377	£74,864,264	£74,864,262	£2		£15,615,988	£90,480,252

Model 2	National Pay Bargaining SMO			Sub - Total	HE Rurality £2M (added to existing FE rurality)	Non - academic costs – 25% of current activity	Academic leadership set at £2M allocated pro rata to volume	Cash Distribution				EO Topslice	Total Funding
	Volume							Revised	Budget	Variance (£)	Variance (%)		
<u>Incorporated Colleges</u>													
Inverness College UHI	£10,363,337	£1,939,576	£0	£12,302,913	£0	£3,629,108	£478,527	£16,410,548	£16,662,704	£(252,157)	-1.5%	£4,055,194	£20,465,742
Lews Castle College UHI	£1,780,069	£659,910	£0	£2,439,979	£1,224,893	£613,597	£179,624	£4,458,093	£4,517,615	£(59,522)	-1.3%	£641,562	£5,099,656
Moray College UHI	£6,495,296	£1,209,174	£0	£7,704,470	£324,055	£2,288,678	£162,657	£10,479,860	£10,765,703	£(285,842)	-2.7%	£2,502,487	£12,982,347
North Highland College UHI	£3,534,272	£834,547	£0	£4,368,819	£1,389,672	£1,224,266	£146,220	£7,128,977	£7,116,396	£12,582	0.2%	£1,120,280	£8,249,257
Perth College UHI	£10,611,962	£1,831,200	£0	£12,443,162	£0	£3,715,506	£519,017	£16,677,685	£17,199,137	£(521,452)	-3.0%	£4,722,743	£21,400,428
<u>Assigned Colleges</u>													
Orkney College UHI	£1,087,198	£923,002	£0	£2,010,200	£1,109,631	£380,953	£140,911	£3,641,695	£3,145,088	£496,607	15.8%	£371,180	£4,012,874
Shetland College UHI	£1,136,821	£524,149	£0	£1,660,970	£1,155,576	£392,941	£30,099	£3,239,586	£2,864,098	£375,488	13.1%	£325,973	£3,565,558
West Highland College UHI	£2,013,402	£1,864,167	£0	£3,877,569	£1,066,266	£703,055	£35,418	£5,682,308	£5,584,165	£98,143	1.8%	£667,873	£6,350,181
Argyll College UHI	£1,839,963	£1,839,947	£0	£3,679,910	£1,118,424	£638,402	£1,759	£5,438,496	£5,393,308	£45,187	0.8%	£569,794	£6,008,290
<u>Other</u>													
Highland Theological College UHI	£196,612	£0	£0	£196,612	£0	£81,282	£52,995	£330,889	£286,390	£44,499	15.5%	£152,993	£483,883
North Atlantic Fisheries College UHI	£88,993	£0	£0	£88,993	£0	£29,070	£3,763	£121,826	£143,737	£(21,911)	-15.2%	£54,717	£176,543
Sabhal Mor Ostaig UHI	£282,653	£0	£146,305	£428,958	£0	£115,654	£79,240	£623,851	£586,195	£37,656	6.4%	£217,688	£841,539
S.A.M.S. UHI	£347,249	£0	£0	£347,249	£0	£113,431	£38,786	£499,465	£494,280	£5,185	1.0%	£213,504	£712,969
UHI EO	£0	£0	£0	£0	£0	£0	£130,985	£130,985	£65,446	£65,539	100.1%	£0	£130,985
Buffer	£0	£0	£0	£0	£0	£0	£0	£0	£40,000	£(40,000)	-100.0%	£0	£0
	£39,777,827	£11,625,672	£146,305	£51,549,804	£7,388,517	£13,925,942	£2,000,000	£74,864,264	£74,864,262	£2		£15,615,988	£90,480,252

Model 3	National Pay Bargaining			Sub - Total	HE Rurality £1M (added to existing FE rurality)	Non - academic costs – 25% of current activity	Academic leadership set at £2M allocated pro rata to volume	Cash Distribution				EO Topslice	Total Funding
	Volume	SMO						Revised	Budget	Variance (£)	Variance (%)		
<u>Incorporated Colleges</u>													
Inverness College UHI	£11,071,128	£1,501,520	£0	£12,572,648	£0	£3,600,000	£514,088	£16,686,736	£16,662,704	£24,032	0.1%	£4,055,194	£20,741,931
Lewis Castle College UHI	£1,902,279	£510,869	£0	£2,413,147	£1,059,110	£925,000	£192,973	£4,590,230	£4,517,615	£72,615	1.6%	£641,562	£5,231,792
Moray College UHI	£6,934,234	£936,081	£0	£7,870,314	£280,196	£2,450,000	£174,745	£10,775,255	£10,765,703	£9,552	0.1%	£2,502,487	£13,277,742
North Highland College UHI	£3,770,593	£646,064	£0	£4,416,656	£1,201,586	£1,317,360	£157,086	£7,092,689	£7,116,396	£(23,707)	-0.3%	£1,120,280	£8,212,969
Perth College UHI	£11,354,965	£1,417,621	£0	£12,772,586	£0	£3,875,000	£557,587	£17,205,173	£17,199,137	£6,036	0.0%	£4,722,743	£21,927,916
<u>Assigned Colleges</u>													
Orkney College UHI	£1,159,676	£714,541	£0	£1,874,217	£959,448	£140,000	£151,383	£3,125,047	£3,145,088	£(20,040)	-0.6%	£371,180	£3,496,227
Shetland College UHI	£1,211,953	£405,769	£0	£1,617,722	£999,174	£215,000	£32,335	£2,864,232	£2,864,098	£134	0.0%	£325,973	£3,190,205
West Highland College UHI	£2,147,602	£1,443,143	£0	£3,590,744	£921,952	£1,025,000	£38,050	£5,575,746	£5,584,165	£(8,419)	-0.2%	£667,873	£6,243,619
Argyll College UHI	£1,962,314	£1,424,393	£0	£3,386,707	£967,051	£1,025,000	£1,890	£5,380,648	£5,393,308	£(12,660)	-0.2%	£569,794	£5,950,442
<u>Other</u>													
Highland Theological College UHI	£209,423	£0	£0	£209,423	£0	£50,000	£31,173	£290,596	£286,390	£4,206	1.5%	£152,993	£443,589
North Atlantic Fisheries College UHI	£96,212	£0	£0	£96,212	£0	£50,000	£2,213	£148,425	£143,737	£4,688	3.3%	£54,717	£203,142
Sabhal Mor Ostaig UHI	£301,290	£0	£146,305	£447,595	£0	£80,000	£46,612	£574,207	£586,195	£(11,989)	-2.0%	£217,688	£791,895
S.A.M.S. UHI	£375,415	£0	£0	£375,415	£0	£80,000	£22,815	£478,230	£494,280	£(16,051)	-3.2%	£213,504	£691,733
UHI EO	£0	£0	£0	£0	£0	£0	£77,050	£77,050	£65,446	£11,604	17.7%	£0	£77,050
Buffer	£0	£0	£0	£0	£0	£0	£0	£0	£40,000	£(40,000)	-100.0%	£0	£0
	£42,497,081	£9,000,000	£146,305	£51,643,386	£6,388,517	£14,832,360	£2,000,000	£74,864,264	£74,864,262	£1		£15,615,988	£90,480,252