



Meeting of the Finance and General Purposes Committee

Meeting to be held
On Tuesday 4 June 2019
At 1.30 pm in AGBC110

A G E N D A

Number	Item	Presented By	Action Required: Decision, Discussion, For Noting
F.19.2.01	(i) Resignations	Clerk	Noting
	(ii) Appointments		
F.19.2.02	Apologies for Absence	Clerk	Noting
F.19.2.03	Any Additional Declarations of Interest including specific items on this Agenda.	Convenor	Noting
F.19.2.04	Draft Minutes of Finance and General Purposes Committee meeting held on 5 March 2019. *	Convenor	Decision
F.19.2.05	Draft Matters Arising/Action Sheet from Finance and General Purposes Committee meeting held on 5 March 2019 *	Clerk	Noting
F.19.2.06	Q3 Financial Update	Finance Director	Discussion
	i. Management Accounts to 30 April 2019 *		
	ii. 2018/19 - Financial Forecast Return * • Actual v Budget *		
	iii. Cash flow *		
F.19.2.07	2019-20 Budget – verbal update	Finance Director	Discussion
F.19.2.08	Estates and Backlog Maintenance Update*	Finance Director	Discussion
F.19.2.09	Emerging Issues	Finance Director Chair	Discussion
	(i) Update of funding allocation from FERB		
	(ii) National Bargaining Funding Update		
	(iii) Teaching Staff Pension Update		
F.19.2.10	Risk Register Update	Finance Director	Discussion
	(i) Update on Risk Management Policy *		
	(ii) Risk Register Update *		

Draft Agenda F&GP Meeting 4-6-2019

F.19.2.11	Review of Terms of Reference of F&GP *	Chair	Discussion
F.19.2.12	Policy Review Update *	Finance Director	Decision
RESERVED ITEMS			
F.19.2.13	Draft Reserved Minutes of Finance and General Purposes Committee Meeting held on 5 March 2019 *	Convenor	Decision
F.19.2.14	Matters Arising/Action Sheet from Finance and General Purposes Committee meeting held on 5 March 2019 *		
F.19.2.15	Board and Committee Effectiveness Review Report 2018-19*	Clerk	Noting/Discussion
F.19.2.16	Draft/example Contribution Report *		
F.19.2.17	Commercialisation – verbal Update	Finance Director	Discussion
F.19.2.18	Moray Growth Deal Bulletin *	Principal	Noting
F.19.2.19	Date of next meeting – 10 September 2019	Clerk	Noting



**Finance and General Purposes Committee
Draft Minutes of Meeting held on
Tuesday 5 March 2019 at 1000 in the Board Room**

Present:

Mr Murray Easton (Convenor)	Mr James Knowles
	Mr Joe Bodman
Mr Peter Graham	Miss Caroline Webster
Mr David Patterson	Mrs Rosemary McCormack
	Mr Nathan Sanderson

In Attendance:

Mrs Deborah Newton
Mr Nick Clinton
Mrs Cathie Fair (Clerk)

Item		Action	Date
F.19.1.01	(i) Resignations		
1.1	There have been no resignations received.		
	(ii) Appointments		
1.2	There have been no new appointments.		
F.19.1.02	Apologies for Absence		
2.1	An apology was received from El Melton		
F.19.1.03	Any Additional Declarations of Interest including specific items on this Agenda		
3.1	There were no additional declarations of interest.		
F.19.1.04	Draft Minutes of Finance Meeting held on 27 November 2018		
4.1	The minutes were accepted as a true record and approved by the Committee: Proposed: Mr J Bodman Seconded: Mrs Rosemary McCormack		
F.19.1.05	Matters Arising/Actions Sheet from F&GP Meeting held on 27 November 2018		
5.1	All actions were completed or on Agenda with the exception of the following		
5.2	<u>5.2</u> Ongoing – meeting on 15-3-2019 with FD Practitioners’ Group		
5.3	<u>10.1</u> Mr Easton and Mr Clinton to meet and agree on reporting mechanism for Commercialisation Group	Mr Easton Mr Clinton	Before next F&GP
F.19.1.06	Emerging Issues		
	(i) Backlog Maintenance		
6.1	Mr Clinton updated members on the progress so far, including a summary in respect of		

	projects/works being undertaken. The Committee noted spend must be committed by 31 March. Committee noted there is an issue over the replacement boiler in that Scottish Gas may require to charge £193K to fit gas pipeline which may hold up placing the order for the gas boiler.		
Action	Mr Clinton was requested to provide the Committee with a weekly update on backlog maintenance	Mr Clinton	Weekly for next 3 weeks
Action	Committee requested Mr Clinton have conversation with SFC to determine whether any possibility of extending the deadline for commitment of spending	Mr Clinton	ASAP
	(ii) National Bargaining		
6.2	Mr Clinton provided an update on the position with National Bargaining. During Strategic Dialogue SFC confirmed that National Bargaining is fully funded. Some debate subsequently took place on UHI's interpretation of this. Committee wanted to record the fact they have full confidence in Mr Clinton.		
Action	Any further updates from UHI to be reported to the Committee as required and to the Board meeting on 26-3-2019	Mr Clinton	As required and Board 26-3-2019
	(iii) College Governance – Ministerial Announcement		
6.3	Ministerial announcement on College Governance circulated for information. Committee discussed the implications of having 2 Trade Unions Reps on the Board.		
	(iv) Review of Terms of Reference of Committee		
6.4	Committee were asked to consider whether current TOR still reflect the work of the Committee. Suggested short life working group review these and come back to Committee for Sept meeting.		
Action	SLWG to report back to Sept meeting with recommendations	SLWG	Sept F&GP
	(v) Feedback on Strategic Dialogue Meeting with SFC		
6.5	Mr Patterson provided feedback from SFC on the Strategic Dialogue meeting on 27-2-2019 which had been overwhelmingly positive. Full feedback circulated by e-mail.		

	(vi) Partnership Council		
6.6	Mr Patterson updated the Committee on discussion at the recent Partnership Council which included proposals on how to deal with VAT and rental charges for Student Residences.		
	(vii) F&GP Convenors' Meeting		
6.7	Mr Easton reported on issues discussed at the F&GP Convenors' meeting which included the way forward for shared services.		
	(viii) Retirement of the Principal and VC of UHI		
6.8	Committee were advised that Clive Mulholland will retire from UHI with effect from 31 July 2019 and Crichton Lang will step up as Principal from 1 August 2019 as an interim measure to ensure stability.		
F.19.1.07	Q2 Management Accounts to 31 January 2019 and anticipated outturn for 2018-19		
7.1	Mr Clinton presented an update on College's financial position after first 6 months of 18-19 along with current anticipated out-turn for 18-19. Committee spent some time considering the key points and agreed to wait and see how things emerge financially before making any recommendation to Board on paying off loans.		
	(i) Contribution Spreadsheet		
7.2	This is still a work in progress and spreadsheet has been set up but not yet ready.		
Action	To be updated and circulated by 31 March	Mr Clinton	31-3-2019
F.19.1.08	2019-20 Budget		
8.1	Budget meetings set up with budget holders over next month.		
Action	First draft to F&GP on 4 June 2019	Mr Clinton	4-6-2019
F.19.1.09	Commercialisation Group Update - Verbal		
9.1	Mr Clinton provided an update on the group which he noted is taking longer than anticipated. Committee were given an update on the plans for a PG Whisky module currently being developed and the Hong Kong Whisky CPD.		
F.19.1.10	Risk Register		
10.1	An update on the Risk Register was circulated for information along with an example of the new Management Information system which is now available.		
Action	Mr Clinton requested feedback on this from Committee.	Committee	ASAP

F.19.1.11	Policies due for Review		
	<ul style="list-style-type: none"> I. Freedom of Information II. Data Breach Handling Policy and Procedure III. Privacy and Marketing Communications Policy IV. Right to Erasure Procedure V. Subject Access Request Policy and Procedure 		
11.1	The above policies were presented for approval by Mr Duncan and the Committee approved these. Committee expressed surprise that these policies had not been developed as a UHI wide initiative. Mr Patterson explained that whilst there is a UHI Single Policy Environment Project under way, it will take some time before this subsumes <u>all</u> policies.		
Action	Committee requested the Mr Patterson raise this issue at Partnership Council with suggestion that these policies be picked up by the Single Policy Environment Project.	Mr Patterson	Next Partnership Council
F.19.1.12	Annual Committee Effectiveness Review		
Action	Mrs Fair asked that Committee members complete and return the Committee Effectiveness Review document by 15 March 2019.	Committee	15-3-2019
F.19.1.13	Date of Next meeting 4 June 2019		
	RESERVED ITEMS		
F.19.1.14	Draft Reserved Minutes from Finance and General Purposes Meeting held on 27 November 2018		
14.1	This item is reserved and the minute held in confidence.		
F.19.1.15	Draft Matters Arising from Finance and General Purposes Meeting held on 27 November 2018		
15.1	This item is reserved and the minute held in confidence.		
F.19.1.16	Moray Growth Deal		
16.1	This item is reserved and the minute held in confidence.		
	Meeting closed at 1620		

Action Sheet/Matters Arising from Finance and General Purposes Committee Meeting Held on 5 March 2019

		ACTION	DATE	UPDATE
F.19.1.05	Matters Arising/Action Sheet from Meeting of 27 November 2018			
5.1	<u>5.3</u> Mr Easton and Mr Clinton to meet and agree on reporting mechanism for Commercialisation Group	Mr Easton Mr Clinton	Before June F&GP	Remains outstanding
5.2	<u>9.2</u> to chase up Issue of standardisation of Insurance across UHI with Fiona Larg and FD Practitioners' Group	Mr Clinton	ASAP	Ongoing
F.19.1.06	Emerging Issues			
	(i) Backlog Maintenance			
6.1.1	To keep Committee updated on current status of Backlog Maintenance	Mr Clinton	weekly	Completed
6.1.2	To explore with SFC whether any possibility of extending deadline for commitment of spending	Mr Clinton	ASAP	n/a
	(ii) National Bargaining			
6.2.1	Any further updated from UHI to be reported to the Committee as required and to the Board meeting on 26-3-2019	Mr Clinton	As required and Board 26-3- 2019	On Agenda
	(iii) Review of Terms of Reference of Committee			
6.3.1	Short Life Working Group to report back to Sept meeting with recommendations	SLWG	Sept F&GP	Ongoing
F.19.1.07	Q2 Management Accounts to 31 January 2019 and anticipated outturn for 2018-19			
	(i) Contribution Spreadsheet			
7.1	To be updated and circulated by 31 March 2019	Mr Clinton	31-3.2019	On Agenda
F.19.1.08	2019-20 Budget			
8.1	First draft to F&GP on 4 June 2019	Mr Clinton	4-6-2019	On Agenda

Matters Arising from Finance and General Purposes Committee 5 March 2019

Agenda item: F.19.2.05

		ACTION	DATE	UPDATE
F.19.1.10	Risk Register			
10.1	Feedback on MI system in relation to Risk Register requested from Committee	Committee	ASAP	On Agenda
F.19.1.11	Policies due for Review			
11.1	Mr Patterson to raise at Partnership Council the issue of UHI sharing locally developed policies	Mr Patterson	Next Partnership council	
F.19.1.12	Annual Committee Effectiveness Review			
12.1	Committee members were asked to complete and return effectiveness review documents and return to Clerk	Committee	15-3-2019	Completed and on agenda

Agenda Item Reference: F.19.2.06

Title of Paper:	FY18/19 Q3 Management Accounts			
To Committee:	Finance & General Purposes Committee ("F&GP")			
Subject:	Q3 Management Accounts & Anticipated Out-Turn for FY18/19			
Version number and date:				
Brief summary of the paper:	Quarterly Update to F&GP – Q3 Position & Anticipated Out-Turn for FY18/19			
Recommendations:				
Action requested/decision required:	For noting and discussion			
Status: (please tick ✓)	Reserved:		Non-reserved:	X
Date paper prepared:	29 May 2019			
Date of committee meeting:	4 June 2019			
Author:	Director of Finance			
Link with strategy: Please highlight how the paper links to, or assists with: Strategic Plan including <ul style="list-style-type: none"> • Curriculum • Learning and Teaching • Organisational culture • Partnership • Sustainability 	<p>Enclosed papers provide F&GP with an update on the financial position of the College after the first nine months of FY18/19, together with a revised anticipated out-turn for FY18/19.</p> <p>These papers are linked to the College's financial sustainability.</p>			
Equality and diversity implications:	N/A			
Resource implications: <i>(If yes, please provide detail)</i>	N/A			
Risk implications: <i>(If yes, please provide detail)</i>	Risk of failing to achieve financial sustainability.			
Appendices:	As enclosed			

FY18/19 – Q3 Management Accounts & Anticipated Out-Turn

INTRODUCTION

The enclosed pro-forma shows the financial performance of the College after the first nine months of FY18/19, together with a revised anticipated out-turn for FY18/19.

The format of the pro-forma has been previously agreed with F&GP, and highlights the impact of 'one-off' instances of income and expenditure, to illustrate the underlying performance of the College.

In light of the potential cost impact of a national Cost of Living ("CoL") award for teaching staff, I have updated the pro-forma so that the impact of this is clear to F&GP.

Q3 – UPDATE/KEY POINTS

For the period to 30 April 2019 the College is reporting a surplus of **£85k** (*c£138k at Q2*). These sums are inclusive of the one-off adjustments advised of in the Q2 update (which are illustrated on the enclosed pro-forma).

While the anticipated out-turn for AY18/19 has seen a reduction compared to that expected at Q2, the total income (excluding one-off adjustments) for the year is expected to be **c£103k** greater than the original budget (and c£78k improvement on the Q2 position).

The main factors contributing to this increase are noted below:

- Increased Nursery income, which has been influenced by the increase in funded nursery places (via local authority & student bursary funding). Which has generated additional places in the nursery; and
- A greater than anticipated income in Other Grants (i.e. Exam Centre - Moray College being the exam centre for the UHI partnership, and increase in income for funded posts).

In addition to the above, there has been further cost savings achieved across the College in respect of operating costs. The reduction is primarily a result of continued close monitoring of spend across the College, and incorporates recent discussions with budget holders.

While there have been some positives in respect of the Q3 income (and anticipated out-turn) against original budget, staff costs have seen a significant increase compared to that originally anticipated.

The main factors impacting the rise in staff costs are:

- The cost impact of National Bargaining (i.e. funding received, impact of reduction in class contact time etc);
- Impact of a greater than anticipated support staff pay award;
- Increase in funded posts (matched by income); and
- Greater than anticipated absence levels.

Agenda Item Reference: F.19.2.06

OTHER MATTERS

FE & HE Income

The College remains on target to meet its FE credit target of 18,807.

Anticipated HE income remains in-line with the revised position noted at Q2, which was a slight reduction on the original budget due to a lower than expected level of HE FTE's.

Maintenance Funding

The increase on budget is purely related to 'matching' Backlog Maintenance ("BLM") income to BLM expensed costs.

Non-Funded/Commercial Income

From discussions with the relevant budget holders the income from this source is anticipated to meet the original target.

Staff Costs

Key factors influencing the increase in staffing costs are noted previously (under the heading 'Q3 UPDATE/KEY POINTS').

As noted in the Q2 update, the increase in staff costs has been slightly off-set by the back-pay of NB relating to FY17/18 which is being received in FY18/19 (c£68k) – which related to changes in annual leave entitlement as a result of NB.

CASH

The enclosed cash flow pro-forma illustrates the Q3 position. While this is an encouraging position, it should be noted that this is influenced by the significant 'one-off' gains seen during the period to date (i.e. VAT rebates).

The cash position shown is exclusive of any BLM income, in order to avoid any distortion of the true cash position at Q3 and that anticipated at year-end.

The anticipated closing cash position for FY18/19 is now expected to see a reduction on that previously anticipated, factors impacting this are:

- Larger than previously anticipated deficit for AY18/19; and
- Potential increase in working capital requirements (where a prudent view has been taken).

ALF Funding

In early 2019 an application was made to Trustees of the ALF, whereby the majority of this fund was released in line with the application made.

Agenda Item Reference: F.19.2.06

A balance (c£10k) was retained to meet the costs of administrating the ALF fund. Once these costs have been met, the Trustees shall arrange for the remaining balance to be passed to the College – which shall be utilised in-line with application.

CONCLUSIONS

Overall the Q3 position is positive, with the underlying deficit (excluding exceptional gains) being ahead of budget, and the cash position being broadly in-line with budget for the first nine months of the year.

There remains significant challenges with regards to the impact of National Bargaining, which has impacted the increased deficit now anticipated for FY18/19. The College has continued discussions with UHI on this matter, to which we await clarity on.

It should be noted that without the significant one-off gains seen in FY18/19 the overall underlying operating position would have been significantly worse – and close to the College's net depreciation /SFC break-even position.

MORAY COLLEGE UHI
2018/19 FINANCIALS

INCOME & EXPENDITURE STATEMENT (excl pension adjustments)

	Budget	Budget	Latest Estimate		Anticipated Out-Turn	Variance	Variance
	(18/19 Annual)	(Aug - Apr 18/19)	Actuals (Aug - Apr 18/19)	Estimate (May - Jul)	(YE 31 Jul 19)	(Aug-Jan Actual v Budget)	(Anticipated Out-Turn v Budget)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income:							
FE Recurrent Funding	5,441	4,081	4,082	1,359	5,441	2	-
HE Recurrent Funding	2,648	1,986	1,975	658	2,633	(11)	(15)
Other Recurrent Funding (Excl DCG)	10	8	11	-	11	3	1
Maintenance Funding	201	151	205	17	222	54	21
Commercial Income	367	275	253	114	367	(22)	-
Other Education Activity/Income	312	234	199	113	312	(35)	-
Tuition Fees (HE & FE)	1,600	1,200	1,239	361	1,600	39	-
Other Income (excl Release of DCG)	1,004	753	927	222	1,148	174	144
Release of DCG	300	225	238	72	310	13	10
National Bargaining Funding	193	145	145	48	193	-	-
	12,076	9,057	9,272	2,964	12,237	215	161
Expenditure:							
Staff Costs	(9,102)	(6,827)	(7,016)	(2,476)	(9,492)	(190)	(390)
National Bargaining Costs (Teaching Staff)	(193)	(145)	(145)	(48)	(193)	-	-
Operating costs	(2,281)	(1,711)	(1,698)	(600)	(2,298)	13	(17)
Depreciation	(753)	(565)	(587)	(196)	(783)	(23)	(30)
	(12,329)	(9,247)	(9,446)	(3,319)	(12,765)	(199)	(436)
Underlying Surplus/(Deficit)	(253)	(190)	(174)	(355)	(528)	16	(275)
One-Off Adjustments:							
- FE Transitional Funding	153	115	115	38	153	-	-
- FE Financial Turbulence Funding (18/19)	-	-	38	13	50	38	50
- Impact of National Support Staff Pay Award (3% awarded, budget assumed 2%)	-	-	(25)	(25)	(50)	(25)	(50)
- National Bargaining Funding (in addition to 17/18 funding)	300	225	215	72	287	(10)	(13)
- National Bargaining Cost - Teaching Staff (in addition to 17/18 funding)	(300)	(225)	(225)	(75)	(300)	-	-
- National Bargaining (Back-Pay re AY17/18)	-	-	51	17	68	51	68
- Brockenhurst VAT Income	-	-	70	-	70	70	70
- Estimated agents costs (re Brockenhurst VAT claim)	-	-	(20)	-	(20)	(20)	(20)
- VAT refund (re: Fuel Oil)	-	-	50	-	50	50	50
- Agents costs re Fuel Oil VAT rebate	-	-	(10)	-	(10)	(10)	(10)
Reported Surplus/(Deficit)	(100)	(75)	85	(315)	(230)	160	(130)
- Provision to cover anticipated Cost of Living (Teaching Staff - not funded)*	-	-	(77)	(20)	(97)	(77)	(97)
Adjusted Reported Surplus/(Deficit)	(100)	(75)	7	(335)	(327)	82	(227)

* provision based on most recent update from Colleges Scotland, however this matter is still to be agreed upon.

CASH FLOW

	Budget	Budget	Latest Estimate		Anticipated Out-Turn	Variance	Variance
	(Original)	(Aug - Apr 18/19)	Actuals (Aug - Apr 18/19)	Estimate (May - Jul)	(YE 31 Jul 19)	(Aug-Jan Actual v Budget)	(Anticipated Out-Turn v Budget)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income Surplus / (Deficit)	(100)	(75)	7	(335)	(327)	82	(227)
Non-cash Adjs:							
Depreciation	753	565	587	196	783	23	30
Deferred Capital Grant release	(300)	(225)	(238)	(72)	(310)	(13)	(10)
	353	265	357	(211)	146	92	(207)
Financing							
Loan Repayments	(97)	(73)	(73)	(24)	(97)	-	-
ALF Income	-	-	55	5	60	-	-
Capital Funding	108	81	81	27	108	-	-
Capital Expenditure	(108)	(81)	(144)	(27)	(171)	(63)	(63)
Working Capital:							
UHI advances	-	-	-	-	-	-	-
Other	(41)	(31)	(119)	(28)	(147)	(88)	(106)
	(138)	(104)	(200)	(47)	(247)	(151)	(109)
Net Cash Flow	215	161	157	(259)	(100)	(59)	(315)
Opening Cash Balance	285	285	285		285	-	-
Closing Cash Balance	500	446	442		185	(60)	(315)

Agenda Item Reference: F.19.2.07

Title of Paper:	Estates/Backlog Maintenance Update			
To Committee:	Finance & General Purposes Committee ("F&GP")			
Subject:	Update on 18/19 Backlog Maintenance Works			
Version number and date:				
Brief summary of the paper:	Update on current position regarding the utilisation of Backlog Maintenance funding for 18/19			
Recommendations:				
Action requested/decision required:	For noting and discussion			
Status: (please tick ✓)	Reserved:		Non-reserved:	X
Date paper prepared:	29 May 2019			
Date of committee meeting:	4 June 2019			
Author:	Director of Finance			
Link with strategy: Please highlight how the paper links to, or assists with: Strategic Plan including <ul style="list-style-type: none"> • Curriculum • Learning and Teaching • Organisational culture • Partnership • Sustainability 	<p>The enclosed schedule provides an update for F&GP in respect of the projects/works being undertaken in utilising the 18/19 Backlog Maintenance funding the College has been awarded in respect of high priority areas (c£1.33m).</p> <p>All of these funds were spent or committed to (i.e. purchase order placed) by the required date of 31 March 2019.</p>			
Equality and diversity implications:	N/A			
Resource implications: <i>(If yes, please provide detail)</i>	N/A			
Risk implications: <i>(If yes, please provide detail)</i>	Risk of works not being undertaken in a timely manner.			
Appendices:	As enclosed			

Backlog Maintenance Update - May 2019				
Spend Area	Budget/Anticipated Spend - inc VAT (£'000)		Spent/Committed - inc VAT (£'000)	Comments/Current position
	BLM (£'000)	Other Capital (£'000)		
Boiler Replacement	637	-	637	Work to install new gas supply to boiler house began w/c 27 May 2019. Gas meter delivered, and housing kiosk due to arrive prior to boiler replacement works commencing on 24 June 2019. Boiler replacement works anticipated to take 6/8 weeks.
Flooring Upgrade	61	-	61	Works to begin early July 2019.
Capital upgrade projects	99	50	149	Majority of these items have been completed, with all aspects due to be done by end of August 2019,
Roof Repair work/car-park	283	-	283	Car park resurfacing works completed in April, with new nursery drop-off point work due to commence early July. Roof remedial works progressing in-line with recent survey, with known problem areas across the main campus and Linkwood being the primary focus,
Opex works (various)	107	-	107	Utilising BLM to address opex maintenance costs. Reduction on previous amount advised of due to re-classification of some Opex costs to be H&S and Capital items.
Window replacement works	24	58	82	Window replacement at S-Wing (ground and first floor) carried out over Easter break. Remaining window replacement due to begin 14 June. Blinds upgrade works completed during Easter break.
LRC Gable-end repair works	29	-	29	Works to be underway.
H&S matters/other BLM	95	-	95	Majority of works done, with new welding ventilation system being installed at Linkwood during summer break.
TOTAL	1,333	108	1,441	
Budget	1,333	108		
Variance	0	(0)		

Agenda Item Reference: F.19.2.07

Title of Paper:	Risk Management Update			
To Committee:	Finance & General Purposes Committee ("F&GP")			
Subject:	Update on the College's Risk Management Policy			
Version number and date:				
Brief summary of the paper:	Update on current position regarding Risk Register reporting, and the revised Risk Management Policy.			
Recommendations:				
Action requested/decision required:	For noting			
Status: (please tick ✓)	Reserved:		Non-reserved:	X
Date paper prepared:	29 May 2019			
Date of committee meeting:	4 June 2019			
Author:	Director of Finance			
Link with strategy: Please highlight how the paper links to, or assists with: Strategic Plan including <ul style="list-style-type: none"> • Curriculum • Learning and Teaching • Organisational culture • Partnership • Sustainability 	<p>The following have been enclosed for the information of F&GP:</p> <ul style="list-style-type: none"> • An update on the current Risk Register and Risk Reporting Management Information ("MI"); and • A copy of the revised Risk Management Policy 			
Equality and diversity implications:	N/A			
Resource implications: <i>(If yes, please provide detail)</i>	N/A			
Risk implications: <i>(If yes, please provide detail)</i>	Key risks to the College are not capture and suitable mitigating actions put in-place, and risk management policy not meeting the needs of the College and Board.			
Appendices:	As enclosed			

UPDATE ON RISK REGISTER

Recent Additions

The College recognises that Brexit may raise/present risks which previously would not have impacted the College.

The Principal, along with members of SLT, recently met with Michael Russell (Scottish Brexit Minister) and Richard Lochhead (Scottish Minister for FE & HE) to discuss potential impacts of Brexit on the College and the wider educational sector.

Brexit is shown on the College RR (ref: Moray_28).

RR Management Information

The current version of the College's Risk Register ("RR") has been enclosed (Appendix I) – this being in the form of the management information extracted from the recently implement UHI Risk Register package.

This MI was discussed at the recent Audit Committee (21 May 19), where it was recognised that the current format/layout does not adequately meet the needs of the College (executive and non-executive) – which is primarily due to the current set-up of how the MI is presented/extracted.

While the new Share-point software is a greatly improved risk management tool (i.e. recording of day to day management of risks and mitigating actions), at present the College is unable to tailor the layout/content nor run/extract the reports/MI from the new UHI Share-point software.

Following discussions at the recent Audit Committee the following actions are to be taken:

- Liaise with UHI contact to discuss the options for MI, and highlight the issues with the current 'standard' MI produced;
- Seek clarification on when/how the College can run the MI reports independently (currently requires to be run by UHI) – there may be a cost associated (i.e. additional/increased software licencing requirements); and
- Subject to the above SLT to review Moray College bespoke MI for further consideration prior to issuing to the College non-executive.

Other Matters

The College's risks are categorised under the following headings:

- Academic;
- Financial;
- Reputation;
- Compliance;
- Organisational; and

Agenda Item Reference: F.19.2.07

- External;

The above are noted in the Revised Risk Management Procedure (please see Appendix II).

While the Audit Committee will review/monitor the majority of the above areas of risk, it was felt that it would be suitable for F&GP to have sight of the risks categorised as Financial Risks.

For the Committee's ease of reference an extract of the College's current key financial risks (and scoring) are summarised in the below table:

Summary of Financial Risks*	Gross Risk		Residual/Mitigated Risk	
	Score	R/A/G	Score	R/A/G
Impact of National Bargaining	20	R	9	A
Growth in Modern & Foundation Apprenticeships not achieving target	9	A	6	A
Failure to meet non-funded income generation targets	12	A	9	A
College does not achieve allocated HE student number targets.	12	A	9	A
College does not achieve allocated FE Credit targets.	12	A	9	A
Financial failure/operating loss. Inability to achieve a balanced budget.	12	A	8	A

* SLT meet/review the risk register monthly - next review scheduled for 6 June 2019.

Agenda Item Reference: F.19.2.07

UPDATED RISK MANAGEMENT PROCEDURE

A copy of the above (Appendix II) has been enclosed for ease of reference for F&GP – as this highlights the revised Risk Appetite and classification mentioned above.

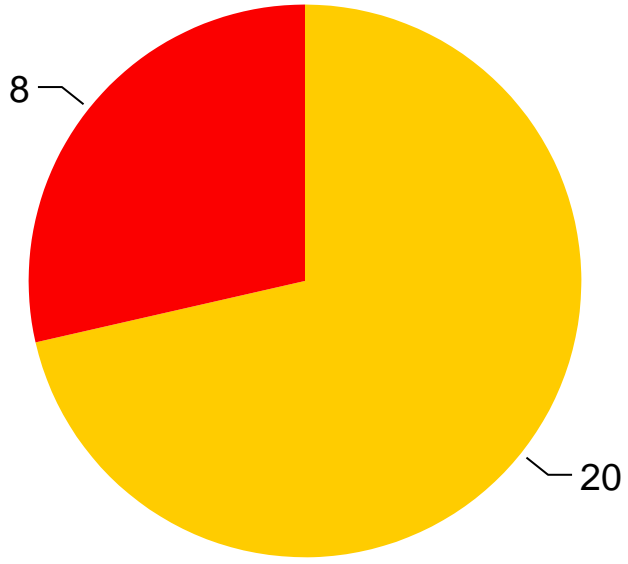
The revised documentation was approved at the recent Audit Committee meeting (21 May 2019), and incorporates the suggested amendments following the recent internal audit on Risk.

Formal approval of the revised procedure shall be sought at the upcoming Board of Management meeting, which is being held on 25 June 2019.

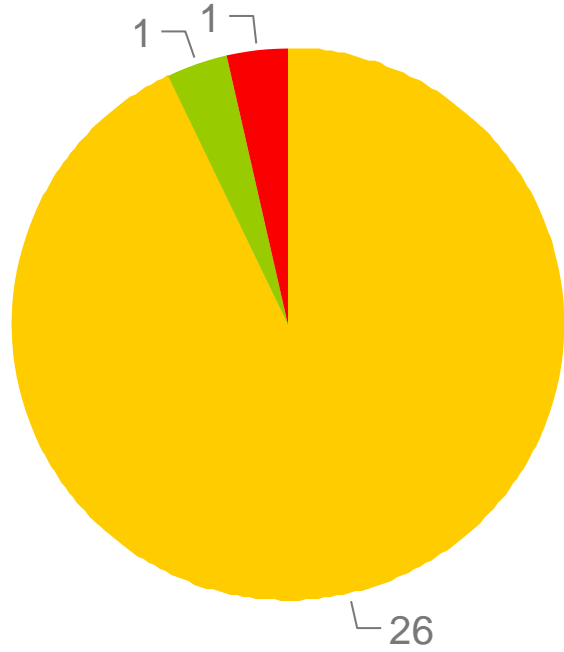
Overall Active UHI Risks:Impact

Academic Partner: All |Department/Project: All

Count of Gross Colour by Gross Colour



Count of Res Colour by Res Colour



- Risk Register
- Academic
 - Argyll College UHI
 - Assembly Programme Board
 - City Region Deal
 - Development Office
 - EDU
 - Finance
 - Further Education
 - Governance & RM
 - Highland Theological College...
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 - Inverness College UHI
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 - Principal & Secretary's Office
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 - Residences
 - Residences Project
 - Sabhal Mor Ostaig
 - SAMS
 - Shetland College UHI
 - Student Services

Risk Status

Active ↓

RISK MAP (for Residual risk)

- Risk Register**
- Academic
 - Argyll College UHI
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 - Residences Project
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 - SAMS
 - Shetland College UHI
 - Student Services
 - West Highland College UHI
- Risk Status**

Active ↓

IMPACT	Count of Res ...	Count of Res ...	Count of Res ...	Count of Res ...	Count of Res ...
5 -Catastrophic			2		
4-Major	1	5	4		
3-Significant		6	6		1
2-Minor			1	1	1
1-Insignificant					

Summary of the actual register entries for all the active risks where the residual impact score is >=12

Ref ID	Risk Description	Causes	Impacts Evidence	Modified	Owner
Moray /21	College estate not fit for purpose.	Lack of investment in capital maintenance/new capital project expenditure. Rapid growth of student population without investment in new expanded facilities.	Poor performance in NSS, increased number of complaints received, unable to meet new growth targets.	12/02/2019 21:27:47	FD
Moray /026	Failure to seize the financial, reputational and developmental benefits offered by the Moray Growth Deal.			12/02/2019 21:53:24	Principal
Moray /026	Failure to seize the financial, reputational and developmental benefits offered by the Moray Growth Deal.			28/11/2018 12:56:39	DIPSS

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 - SAMS
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 - Student Services
 - West Highland College UHI

Risk Status

Active ↓

Summary of the actual register entries for all the active risks where the residual impact score is >= 12

Residual Likelihood	Residual Impact	Residual Risk	Actions To Minimize	Future Mitigating Actions	Action Owner	Completion Date	Future Mitigating Actions 2
3	5	15	<p>Continue to work with region and SFC regarding campus redevelopment plans.</p> <p>Maximise funding of Backlog Maintenance awarded for 18/19 for the benefit of the Colege estate - in-line with SFC Survey findings.</p> <p>Develop plan for prioritising backlog maintenance works, in-light of recent SFC Condition Report funding.</p> <p>Update Estates Strategy Action Plan and priority list of essential works required - to include a rolling 5 year programme of statutory maintenance work requirements.</p>	<p>Implement spend of SFC Backlog maintenance funding in-line with SFC guidance, and ensure all funds committed to be 31 March 2019.</p>	31/03/2019 00:00:00	FD	Prioritise allocation of annual capital/
3	4	12	<p>Ensure adequate resourcing, governance, and partnership support is in place for the college's involvement in the Moray Growth Deal</p>	<p>Secure support for, and allocate sufficient resource to, the development of outline and final business cases for the project</p>	29/04/2018 23:00:00	Principal	Ensure appropriate governance is in
3	4	12	<p>Ensure adequate resourcing, governance, and partnership support is in place for the college's involvement in the Moray Growth Deal</p>	<p>Secure support for, and allocate sufficient resource to, the development of outline and final business cases for the project</p>	29/04/2019 23:00:00	Principal	Ensure appropriate governance is in

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 - Student Services
 - West Highland College UHI

Risk Status

Active ↓

Summary of the actual register entries for all the active risks where the residual impact score is >=4

Ref ID	Risk Description	Causes	Impacts Evidence	Modified	Own
Moray /01	Ineffective curriculum planning (College + Region)	Poor demand awareness/ineffective employer engagement, Ineffective evaluation of learning and teaching. Ineffective resultant action plan. Poor workforce planning/recruitment.	Student numbers/progression/attainment/student satisfaction Learner surveys, reputational risk, low student numbers	12/02/2019 21:03:37	DCA
Moray /05	Ineffective business continuity planning	"Major incident, pandemic, major fire/flood, terrorist activity, ICT loss of service"	Disaster Recovery Plans, dry test runs	12/02/2019 21:11:45	DIPS
Moray /06	Ineffective and lack of employer & external stakeholder engagement	Not enough Resources, lack of knowledge of industry requirements, poor partnership working,	Employer Engagement Heat Map, stakeholder/partner feedback, poor curriculum planning not reflecting the needs of local industry, not meeting employer demand, constraint on income generation	12/02/2019 21:46:31	DCA
Moray /07	Failure to develop a student performance management system	Lack of availability of real-time easily accessible reports that allow monitoring of financial, and academic performance	Lack of effective planning, monitoring and control of applications, enrolments, and quality performance indicators	12/02/2019 21:12:53	DIPS
Moray /08	Ineffective delivery of essential skills	Not sufficiently contextualising core skills with key employability skills within curriculum as part of the learner experience. Core Skills team stretched in terms of ability to meet requests.	Performance KPIs, low student attainment, low student progression, failure to achieve adequate levels of student achievement and satisfaction.	12/02/2019 21:13:55	DLT
Moray /12	Failure to attract, develop and retain a workforce fit for the 21st century in a tertiary teaching context and adapting to necessary change.	Poor performance management of competence issue, pace of curriculum development, excessive demand on CPD, lack of staff capability, poor workforce planning, affordability	Workforce Planning and Development Strategy, inability to compete, loss of business and reputation, failure to achieve adequate levels of student achievement and satisfaction.	12/02/2019 20:16:20	HR D
Moray /18	Non-compliance with relevant statutory regulations.	Lack of awareness of relevant laws and penalties. Management failures. E.g. new General Data Protection Regulation from 25th May 2018, Bribery Act, Health and Safety Regulations etc.	GDPR will provide new rights for individuals and impose additional obligations on data controllers and processors. GDPR will also introduce an increased penalty framework for non-compliance/data breaches and includes new requirements for authorities to ensure that they maintain evidence to demonstrate compliance with the Law.	12/02/2019 20:31:34	DIPS

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 - Ostaig SAMS
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 - West Highland College UHI

Summary of the actual register entries for all the active risks where the residual impact score is ≥ 4

Risk
Statu
s

- Risk Register
- Academic
- Argyll College UHI

Summary of the actual register entries for all the active risks where the residual impact score is >=4

Residual Likelihood	Residual Impact	Residual Risk	Actions To Minimize	Future Mitigating Actions
2	4	8	<p>College exceeded year 2 of FRP, and College now has a 4 Year Financial Plan in-plcae, with a focus on sustainability (not recovery). Open dialogue between FD and F&GP, with a 'no surprises' culture. Agreed reporting pro-forma/mechanism for quarterly accounts with F&GP and Board.</p> <p>Development of non-funded income and maximising non SFC income streams (i.e. Whisky CPD, Summer Camp, FWDF etc).</p>	Development of streamlined cost centre performance monitoring, to identify areas which require assistance/re
2	4	8	<p>Continual review of curriculum as part of planning ahead for the next academic year, to ensure that a high quality and effective curriculum is offered by Moray College.</p> <p>Carry out FE course reviews with HOC's to identify areas which require assistance/development of curriculum, and ensure appropriate actions taken.</p> <p>Carry out quality cycle actions to enable informed curriculum planning.</p>	Implement FE curriculum strategy design principles.
2	4	8	Continued participation and contribution to the Student Data Reporting Group, ensuring College reporting requirements are fully incorporated into the new standard reporting system for FE & HE.	Develop reporting that meets the needs for student management - explore capabilities of SITS to deliver strea parties (i.e. SLT, HOAC, etc).
2	4	8	Implement a Policy Framework and Review Schedule across the college.	Conduct regular house-keeping review of internal policies (at least annually). Currently reviewing existing polic
2	4	8	Implement an effective structure to monitor employer engagement , act on all appropriate opportunities timeously as they emerge and ensure effective UHI partnership working.	Implement curriculum strategy
2	4	8	Ongoing review of curriculum, workforce planning and CPD based on curriculum developments, performance and capability management, management development,	Revise and implement workforce planning and development strategy

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Risk Status

Active ↓



MORAY COLLEGE

RISK MANAGEMENT PROCEDURE (INCORPORATING RM POLICY)

Date of most recent review: May 2019
To be Approved by: Audit Committee
Date of next review: May 2022
Responsibility: Director of Finance

Moray College Risk Management Procedure

1. Introduction and Context
2. Leadership
3. Planning
4. Support
5. Risk Management Process
6. Improvement

Appendix 1 - Risk Management Policy

Appendix 2 – Risk Management Appetite Statement

Appendix 3 – References and Definition of Terms

1. Introduction and Context

1.1 Overview

This documents sets out the arrangements, roles and responsibilities for successful risk management in Moray College.

It helps the Board, Executive and staff understand what they must do, the tools they should use and how risk information is produced, shared and communicated.

The aims of the procedure are to:

1. Provide a simple, reliable process for riskmanagement;
2. Enable the College to meet its legal duties;
3. Help the College meet its strategic objectives;
4. Ensure consistency of risk information; and
5. Establish clarity of roles and responsibility.

It is based on standard risk management framework as shown below.

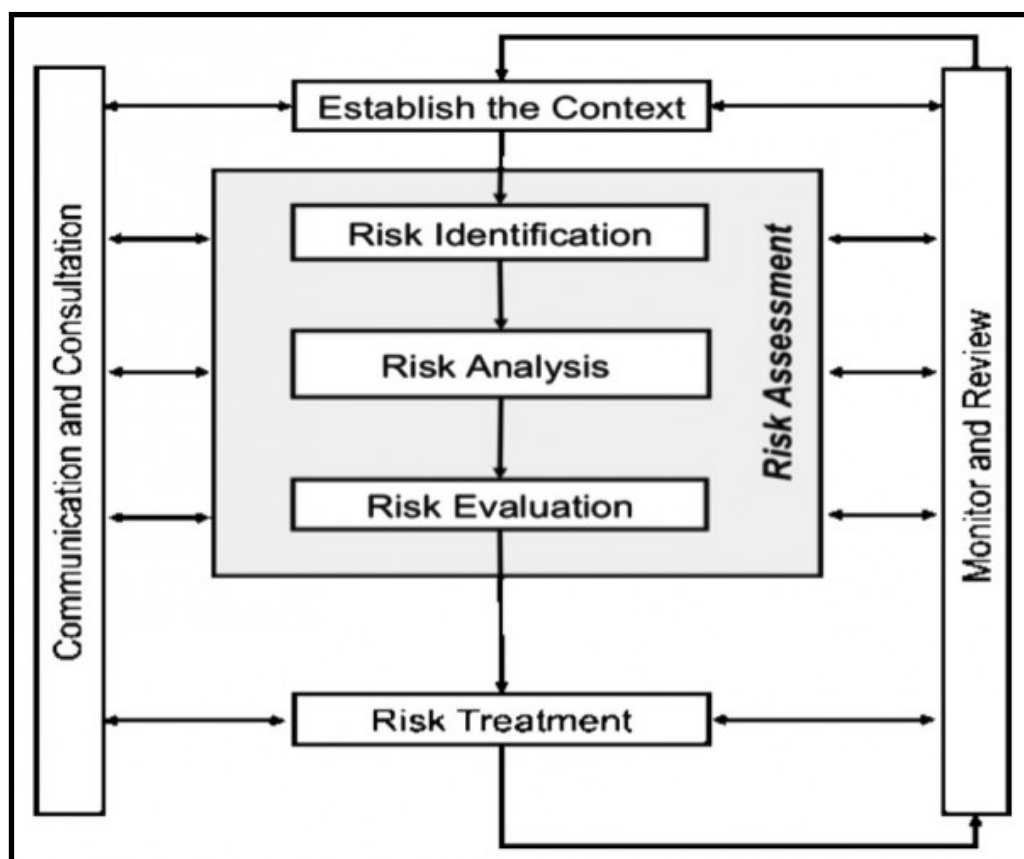


Figure 1: Risk Management Framework

1.2 Scope

It applies to the College as a whole, and all individual departments, all College activities and those external factors with a potential impact on the College.

1.3 Interface

There is an interface between this document and process, and the risk management arrangements of UHI. The College uses the UHI risk register template to record its risks. A number of risks are common across the UHI partners and are standard items on the College's risk register, with the College adding other risks as it sees fit to its risk register. The College's risk register is reviewed by UHI, along with the other partners' risks registers, by the Executive Office Risk Review Group.

Responsibility for ongoing management of this interface sits with the Director of Finance, Principal and Board.

1.3 Background

For risk management to be effective the full context in which it takes place needs to be understood.

This is presented in sections below.

1.3.1 UHI and Moray College

Based in the Highlands and Islands of Scotland, UHI is a distinctive partnership of 13 independent colleges (of which Moray College is one) and research institutions, is locally based and rooted in communities, but with national and international reach, as part of a regional university structure.

It is also the Regional Strategic Body for Moray College.

1.3.2 Scottish Funding Council (SFC)

The Financial Memoranda with colleges and universities set out the formal accountability relationship between SFC and institutions, and the requirements that institutions are expected to comply with in return for funding. Risk management is a part of these requirements.

SFC requires Colleges' to demonstrate robust governance, maintain a sound system of internal control and to ensure that the following key principles of effective risk management have been applied. Effective risk management:

- Covers all risks – including those of governance, management, quality, reputation and finance – but focuses on the most important risks.
- Produces a balanced portfolio of risk exposure.
- Is based on a clearly articulated risk appetite, policy and approach.
- Requires regular monitoring and review, giving rise to action where appropriate.
- Needs to be managed by an identified individual and involve the demonstrable commitment of the governing body and the executive leadership.
- Is embedded into normal business processes and aligned to the strategic objectives of the organisation.

SFC also requires Colleges to review at least annually the effectiveness of their system of internal control.

1.4 Moray College Risk Documentation

An indicative summary of the main documents that influence Moray College's risk management processes and the loose hierarchy that exists between them is illustrated below:

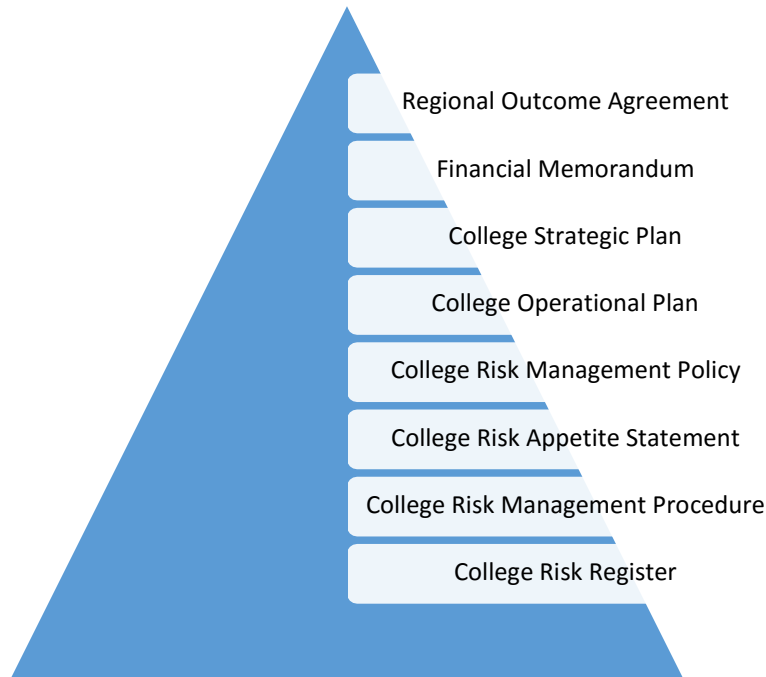


Figure 2: Risk Management Documents

1.5 Moray College Committees and Risk Structure

For the purposes of risk management, responsibility is aligned with the College's organisational structure:

- Board of Management
- Audit Committee
- Financial and General Purposes Committee
- Other Committees
- College Principal
- College Directors
- Staff

Responsibility for governance of the risk management process sits with the Board and its committees (the most senior of which being the Audit Committee). The College Principal and Financial Director are responsible for day-to-day implementation, with the support of other Directors and staff. It is the responsibility of all staff to identify the objectives of the activities, events and programmes they are implementing, consider the risks that may hinder them achieving these objectives (including legal considerations), and put in place appropriate mitigating actions.

1.6 Moray College Risk Appetite and Tolerance

Moray College has compiled a full risk appetite statement (see appendix 2) which sets out the risk tolerances it will accept or will not accept.

1.7 Moray College Risk Categories

To make the process efficient the College classifies all its risks into the one of the following Risk Categories:

- Academic – anything related to the teaching and learning experience;
- Financial – anything related to the financial life of the College;
- Reputation – anything related to how the College is perceived;
- Compliance – anything related to law, regulation or formal commitments;
- Organisational – anything within the College that isn't financial or academic in nature.;
- and
- External – anything outwith the College that has an effect

2. Leadership

2.1 Policy

This procedure implements the Moray College Risk Management Policy, which is included in Appendix 1.

2.2 Approvals and ownership

The responsibility for producing and approving this procedure is set out in the table below:

Role	Responsible
Procedure Approval	Moray Board
Procedure Review	Director of Finance College Principal Moray Board
Procedure Author	Audit Committee

Table 2: Approvals and Ownership

3. Planning

3.1 Objectives

The objectives of this procedure are as follows:

1. Provide a simple, reliable process for risk management;
2. Enable the College to meet its legal duties;
3. Help the College meet its strategic objectives;
4. Ensure consistency of risk information; and
5. Establish clarity of roles and responsibility.

3.2 Risks

Although Risk is at the core of this document, it needs to be clear what the risks are to the implementation of this procedure and what controls are in place to ensure it is effectively applied.

This is summarised in the table below:

Objective	Risk	Control
Provide a simple, reliable process for risk management that staff are aware of, understand and comply with	<ul style="list-style-type: none"> The RM process is not clear or too complicated. Staff do not know where the RM Procedure is. Staff do not understand how the RM Procedure applies to them. Staff do not comply with the RM Procedure. 	<p>Possible controls could include:</p> <p>Review of RM Procedure by Audit Committee for adequacy.</p> <p>RM Procedure stored in central location.</p> <p>Training provided to senior staff and others as considered necessary to help to embed RM within their areas.</p>
Help the college meet its strategic objectives and legal duties	<ul style="list-style-type: none"> Risks relating to achievement of strategic objectives have not been identified and / or appropriate mitigating controls have not been put in place. No formal link between college strategy and risk management which makes it difficult to determine whether risks relating to strategic objectives are adequately covered. 	<p>Risk register is constantly reviewed to ensure it covers strategy items, and the risk management process considers new risks relating to strategic objectives.</p>
Ensure consistency of risk information	<ul style="list-style-type: none"> College risk register template is used inconsistently by those updating risks due to lack of guidance on how to use/complete the documentation and lack of definitions. 	<p>The Risk Management Procedure sets out definitions and how to use the College Risk Register. Senior management that update the College risk register are aware of how to update it.</p>
Establish clarity of roles and responsibility	<ul style="list-style-type: none"> People unaware of responsibilities. 	<p>The RM Procedure sets out roles and responsibilities. These are embedded through training for senior staff who should cascade this training</p>

		through their teams to ensure staff are aware of their responsibilities.
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Table 3: Risks to Implementing the Procedure

3.3 Opportunities

At all times when implementing this procedure, or any aspect of risk management, positive opportunities should be considered and recorded.

4. Support

4.1 Roles and Responsibilities

The following table summarises the responsibilities of various roles with reference to risk.

Role	Specific Responsibilities
Board	<ul style="list-style-type: none"> • Setting the College's Risk Appetite and ensuring ongoing governance of the risk management process. • Ensuring Audit Committee performs as per standing orders. • Approve major decisions affecting the College's risk profile or exposure. • Periodic/Annual review of the risk register.
Audit Committee	<ul style="list-style-type: none"> • Development of the Risk Management Process. • Regular review of the College Risk Register for completeness (are all risks that should be on it there), accuracy (are the likelihood and probability scores reasonable), adequacy of controls, and discussion on actions being undertaken to mitigate risks that have been identified as being over the College's risk appetite. • Monitor the management of significant risks to reduce the likelihood of unwelcome surprises or impact. • Annually review the College's approach to risk management and approve changes or improvements to key elements of its risk processes and procedures. • Providing assurance of the College's Risk Management process to the Board as per committee's standing orders. • Consider and advise the Board about the College's approach to risk management and business continuity.
Other Committees	<ul style="list-style-type: none"> • Identify risks, understand controls and seek appropriate assurances from management in relation to key areas of risk that relate to areas under their remit.

	<ul style="list-style-type: none"> • Escalation to the risk register of items where considered necessary.
College Principal	<ul style="list-style-type: none"> • Responsible for Implementing the Risk Management Policy.
Directors	<ul style="list-style-type: none"> • Identification, ownership and management of risks as per their department's responsibilities.
Director of Finance	<ul style="list-style-type: none"> • Owner of the Risk Register and responsible for taking to the SLT for discussion and ensuring that all agreed updates have been made. • Management of specific risks as per their department's responsibilities.
Internal Auditor	<ul style="list-style-type: none"> • Production of Audit Reports as per agreed remit which provide assurance over certain risks. • Considering risks as part of drawing up their Audit Needs Assessment, three year strategic internal audit plan and annual internal audit plan, which are all risk based. The audit assignments undertaken are focussed on areas of higher risk. • Reporting their findings on the adequacy of risk management and internal controls to the Audit Committee.
External Auditor	<ul style="list-style-type: none"> • Providing an opinion on the financial statements and considering financial, and some non-financial, risks as part of their work. • Reporting their findings to the Audit Committee.

Table 4: Roles and Responsibilities

4.2 Competence

Competence is the skills, knowledge and experience required to perform a particular function, role or task.

Board and committee membership is planned to provide a balanced blend of competent people. Auditors and other external parties are appointed and competent within their particular role. In terms of risk management, competence of Directors and senior staff shall be ensured by a formal roll out of the risk management process and training.

4.3 Training

An introduction and overview of the risk management process shall be provided for those involved in risk management (Board, Principal and Directors).

The Directors will be responsible for providing an overview of the relevant parts of the risk management process to their staff as required/appropriate.

4.4 Communication

Communication is an essential part of good risk management. The arrangements for this on an ongoing basis are presented in section 5.8.

4.5 Documents

In addition to the policy, appetite statement and procedure, the main document resource is the risk register. The template for the risk register is provided by UHI for use by the College.

5. Risk Management Process

5.1 Overview and Framework

The main framework for conducting risk management is show below. It is based on a standard plan-do-check-act cycle.

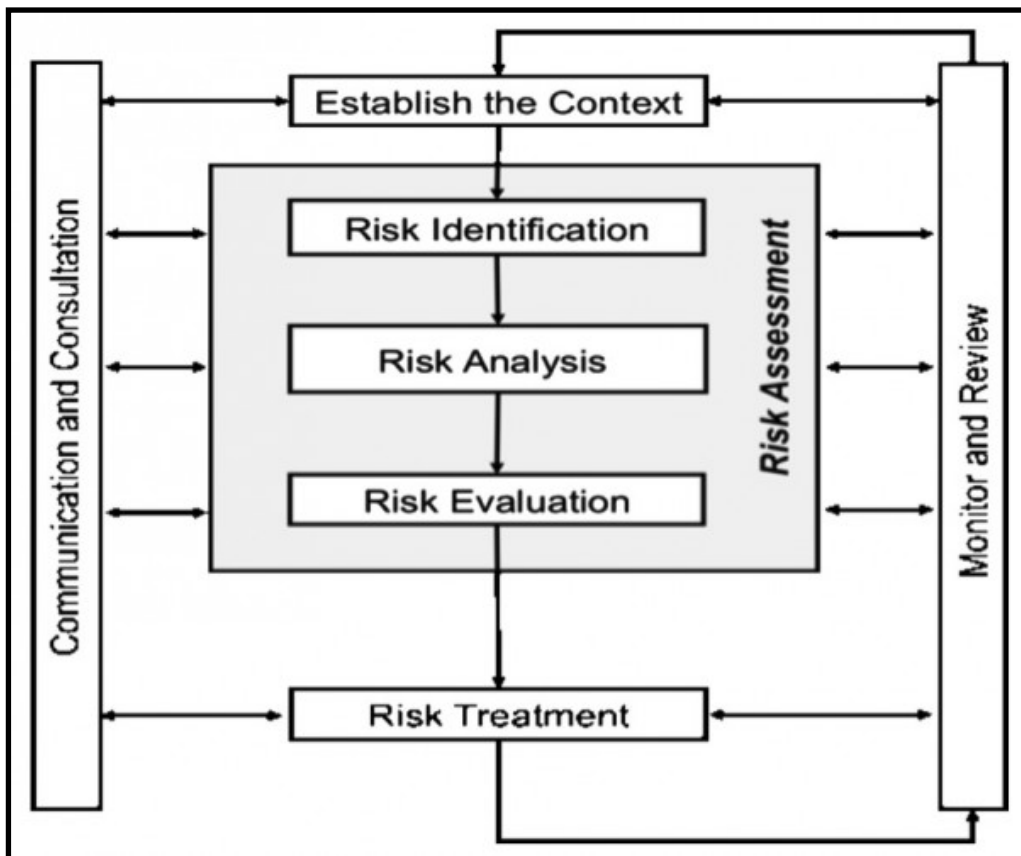


Figure 3: Risk Management Process

5.2 Risk Context

All risks must be understood in the wide context of the College's activities and objectives. The most important input to context are:

- Financial Memorandum
- College Strategic Plan

- Appetite - Summary across the main college areas of what it plans to embrace in terms of risk

5.3 Risk Identification

With the full context understood, the first active stage of the process is risk identification.

Risks should be identified and recorded as they arise or are recognised in the normal course of College business. They may be identified by anyone during planning/operational meetings or through more formal means such as:

- Existing risk registers;
- College Board Papers – all Board Papers have a section for describing risks relating to the paper's content
- College committee papers – all Committee papers have a section for describing risks relating to the paper's content;
- College documents;
- UHI documentation;
- Other College Risks;
- Board and Senior Management Risk Workshop;
- Sector Benchmarking;
- Political Events; and
- SFC Communications.

Director and Staff – where a member of staff considers there is a new risk they should escalate this to their Director (via line management if required).

Where Directors identify risks these should be raised with the SLT for consideration of whether to add to the risk register. This may be done at a SLT meeting, or if more urgent, should be discussed with Directors and the Principal before the next SLT meeting.

All risks shall be recorded in the risk register under the provisions of the process which is owned by the Financial Director (template provided by UHI).

The bulk of risk identification shall be done through the means listed above. In addition to this time there shall be an annual risk workshop involving the Board and Executive. The timing of this shall be agreed between the Audit Committee, Financial Director, Principal and Board Chair.

5.4 Risk Analysis

In order to understand the risks that have been identified, each risk identified should be given an estimation of both potential impact and likelihood using the tables noted below:

IMPACT - CRITERIA		TIMESCALE 3 YEARS		
Score	Descriptor	Financial	Operational	Reputational (need to link to communications process for incident management)
5 -Catastrophic	A disaster with the potential to lead to: <ul style="list-style-type: none"> loss of a major UHI partner loss of major funding stream 	> £500,000 or lead to likely loss of key partner	<ul style="list-style-type: none"> Likely loss of key partner, curriculum area or department Litigation in progress Severe student dissatisfaction Serious quality issues/high failure rates/major delivery problems 	<ul style="list-style-type: none"> Incident or event that could result in potentially long term damage to UHI's reputation. Strategy needed to manage the incident. Adverse national media coverage Credibility in marketplace and with stakeholders significantly undermined.
4-Major	A critical event which threatens to lead to: <ul style="list-style-type: none"> major reduction in funding major reduction in teaching/research capacity 	£250,000 - £500,000 or lead to possible loss of partner	<ul style="list-style-type: none"> Possible loss of partner and litigation threatened Major deterioration in quality/pass rates/delivery Student dissatisfaction 	<ul style="list-style-type: none"> Incident/event that could result in limited medium – short term damage to UHI's reputation at local/regional level. Adverse local media coverage Credibility in marketplace/with stakeholders is affected.
3-Significant	A Significant event, such as financial/ operational difficulty in a department or academic partner which requires additional management effort to resolve.	£50,000 - £250,000	<ul style="list-style-type: none"> General deterioration in quality/delivery but not persistent Persistence of issue could lead to litigation Students expressing concern 	<ul style="list-style-type: none"> An incident/event that could result in limited short term damage to UHI's reputation and limited to a local level. Criticism in sector or local press Credibility noted in sector only
2-Minor	An adverse event that can be accommodated with some management effort.	£10,000 - £50,000	<ul style="list-style-type: none"> Some quality/delivery issues occurring regularly Raised by students but not considered major 	<ul style="list-style-type: none"> Low media profile Problem commented upon but credibility unaffected
1-Insignificant	An adverse event that can be accommodated through normal operating procedures.	<£10,000	<ul style="list-style-type: none"> Quality/delivery issue considered one-off Raised by students but action in hand 	<ul style="list-style-type: none"> No adverse publicity Credibility unaffected and goes unnoticed

LIKELIHOOD CRITERIA	TIMESCALE 3 YEARS	
Score	Descriptor	Probability
5-Almost Certain	More than likely – the event is anticipated to occur	>80%
4-Likely	Fairly likely – the event will probably occur	61-80%
3-Possible	Possible – the event is expected to occur at some time	31-60%
2-Unlikely	Unlikely – the event could occur at some time	10-30%
1-Very Rare	Remote – the event may only occur in exceptional circumstances	<10%

RISK MAP (for Gross risk & residual risk)	TIMESCALE 3 YEARS				
IMPACT					
5 - Catastrophic	5	10	15	20	25
4 - Major	4	8	12	16	20
3 - Significant	3	6	9	12	15
2 - Minor	2	4	6	8	10
1 - Insignificant	1	2	3	4	5
	1 - Very Rare	2 - Unlikely	3 - Possible	4 - Likely	5 - Almost Certain
	LIKELIHOOD				

There are two types of risk scores in the risk register.

- **Gross risk:** this relates to the risk scores before controls have been applied. This is important because it shows the extent of exposure to risk the College has if no mitigating actions/controls put in-place or these actions/controls fail; and
- **Residual risk:** this relates to the risk scores after controls have been applied.

5.5 Risk Evaluation

Risk Evaluation is about deciding if the risks that have been analysed are within the Risk Appetite set by the College in its risk appetite statement.

This can be done reasonably quickly using the matrix and overlaying the appetites (based on the category of risk appetites as set out in Appendix 2).

There is often some ambiguity or scope for interpretation, but the judgement of the range of senior personnel involved in the risk process should be sufficient to prevent incorrect/inaccurate evaluation. This shall be recorded in the risk register by the Financial Director/SLT.

Where risks are outwith their risk appetite then these shall be highlighted to the Audit Committee and the Audit Committee will be provided with information about what controls are in place and being put in place.

5.6 Risk Treatment

5.6.1 Risk Treatment Options

Once all risks have been analysed and evaluated, the next step is to decide what to do about them.

There are various ways of describing risk treatment options, one of the simplest and most commonly used is set out below:

- Tolerate – accept the risk as it is and do nothing about it
- Treat – actively do something to reduce the risk
- Transfer – pass the responsibility to some else (e.g. insurance)
- Terminate – stop the activity or situation that creates the risk

Each risk shall be allocated one of the treatment options above.

It is the responsibility of the risk register owner to decide on risk treatment options.

Key risk treatment and mitigation actions shall be recorded in the risk register by the SLT.

5.6.2 Risk Owner

Each risk shall have a nominated 'Owner', a person responsible for managing the risk and ensuring the treatment controls are implemented.

It is the responsibility of the risk register owner (Finance Director) to decide on individual risk owners (Must be one of the Directors or Principal).

The risk owner should not be assigned to a group. If a risk is assigned to more than one person as risk owner it must make clear which part of the risk is being managed by which person.

This shall be recorded in the risk register.

5.6.3 Risk Treatment Controls

Based on the risk treatment option, each risk shall have a control measure or measures. These are controls/treatments in place intended to reduce the level of risk, either the likelihood, the impact or both.

All actions shall be:

- Specific – clear and concise
- Measurable – capable of being measured and monitored
- Agreed – they should have a consensus of opinion behind them
- Realistic – they should be based on the context and ‘real world’ of the college
- Timetabled – they should have dates for delivery

There may be a number of controls for each risk, and each control may have a different person(s) responsible for implementing the control but the risk owner has responsibility for ensuring these people have adequate controls in place which are working effectively.

The impact and likelihood of the risks after taking into account the effect of the controls shall also be assessed using the matrix previously described, to produce the ‘*residual risk*’ level.

This shall be recorded in the risk register by the Finance Director.

5.7 Monitor and Review

Ongoing monitoring and review of the effects of risk management efforts is required.

This takes place in the following:

- Monthly departmental risk register reviews conducted by Directors and the Principal at SLT meetings;
- Board Meeting Reviews
- Audit Committee reviews of the risk register;
- Financial and General Purpose Committee Reviews;
- Internal and External Audits;
- Periodic reviews by internal audit on the risk management framework
- UHI Interface Reviews (i.e. UHI Partnership Council, UHI Court);
- Annual Risk Management reviews;

The outputs of these reviews may result in changes to the risk register or further work including requiring further controls or actions to be undertaken and inserted into the action plan section of the risk register.

5.8 Communication and Consultation

The other ongoing process is communication and consultation.

The main medium for communication is the risk register, however this can be tailored into more meaningful and efficient 'chunks' of information depending on who is receiving it:

- Summaries – written reports based on the register contents e.g., on a particular topic;
- RAGs – a 'traffic light' summary of risks into red, amber and green to aid the understanding of what is a problem and what is not.
- Top Ten – highlighting the main risks.

These may be prepared and should be shared appropriately with all who have an involvement in the process, and with those affected by the College's risks.

Each risk owner shall have a plan/approach for communication of information, and receiving feedback/new information and ideas from people. In practice this may be done during risk reviews or departmental meetings.

6. Improvement

The College aims to continually improve its risk management arrangements and will update this document every three years as a minimum or in response to a formal request from the Board.

Appendix 1 - Risk Management Policy

Moray College Risk Management Policy

Overview

Risk is present throughout the College, in its buildings, equipment, policies, systems, processes, staff, students and visitors.

The College recognises that the management of risk is vital to good management practice. It must be an integral part of all the functions and activities of an organisation. The purpose of the College's Risk Policy is to develop a consistent approach towards risk across the institution and outline processes for recognising, analysing and dealing with risks as well as assuring the effectiveness of the identified processes.

The Risk Policy is designed to enable the College to minimise the frequency and effect of adverse incidents arising from risks and to identify improvements in procedures and service delivery in order to ensure the efficient and effective use of public funds.

The management of risks includes the culture, processes and organisational structures, which contribute to the effective management of potential opportunities, threats and adverse incidents.

Implementation

Overall responsibility for risk management within the College lies with the Principal, with responsibility for implementation within Directorates delegated to the Executive Directors.

The Audit Committee is a committee of the Board of Management and has responsibility for assessing the effectiveness of risk management. The Audit Committee reports on the arrangements for risk management to the Board of Management.

The College shall maintain a live register (owned by the Finance Director) which is updated for each Board Meeting and formally reviewed in separate risk workshop on an annual Basis.

Appendix 2 – Risk Management Appetite Statement

The College's approach is to minimise the exposure to reputational, compliance and financial risk, whilst embracing opportunities and accepting well-managed risk in pursuit of its mission and objectives.

It recognises that the appetite for risk varies according to the activity undertaken, and that the acceptance of risk is subject always to ensuring that potential benefits and risks are fully understood before developments are authorised, and that sensible measures to mitigate risk are established.

The College's appetite for risk across its activities is provided in the following statements:

- **Academic – Low/Medium-Low (i.e. ≤ 8 net risk score)**

The College wishes to stimulate students to develop a lifelong thirst for knowledge and learning, and encourage a pioneering innovative and independent attitude and an aspiration to achieve success.

This involves an increased degree of risk in developing education and the student experience, and is comfortable in accepting this subject to ensuring that they are fully understood before developments are authorised, and that sensible mitigation measures are established.

- **Financial – Low (i.e. ≤ 6 net risk score)**

The College aims to maintain its long-term financial viability and manage its finances within an effective system of financial control. Targets for financial achievement will be set and reviewed by the Board. The College will aim to operate within these boundaries with a low appetite for income deviations of $<£50k$ unless approved by the Board.

- **Reputation – Low (i.e. ≤ 6 net risk score)**

It is critical that the College preserves its high reputation. The College therefore has low appetite for risk in the conduct of any of its activities that puts its reputation in jeopardy, could lead to undue adverse publicity, or could lead to loss of confidence by the Regional Strategic Body, Partners and Stakeholders and Government.

- **Compliance – Low (i.e. ≤ 6 net risk score)**

The College places great importance on compliance, and has no appetite for any breaches in statute, regulation, professional standards, ethics, bribery or fraud. It wishes to maintain accreditations related to courses or standards of operation, and has low appetite for risk relating to actions that may put accreditations in jeopardy

- **Organisational - Low/Medium-Low (i.e. ≤ 8 net risk score)**

The College aims to value, support, develop and utilise the full potential of our staff to make the College a stimulating and safe place to work. It places importance on a culture of academic freedom, equality and diversity, dignity and respect, collegiality, annual reviews, the development of staff, and the health and safety of staff, students and visitors. It has low appetite for any deviation from its standards in these areas.

Major change activities are required periodically to develop the College. The College expects such changes to be managed according to best practice in project and change management, and has low appetite for deviating from such standards.

The College also aims to make a significant, sustainable, and socially responsible contribution to the region, Scotland, the UK and the world. This may involve risks and the College is comfortable in accepting this, subject to ensuring that they are fully understood before developments are authorised, and that sensible mitigation measures are established.

- **External**

As the College has no/little ability to influence these it is not appropriate to provide a risk appetite. Instead, the College aims to identify and monitor those risks from outwith the College that could affect its ability to function and deliver.

Appetite Evaluation

In order to evaluate any particular event or undertaking against the risk appetite statement, the College's risk matrix is used. Low appetite corresponds to the perceived level of risk being in the Green Zone on the matrix, medium being in the Amber zone, and high appetite being in the RedZone.

RISK MAP (for Gross risk & residual risk)	TIMESCALE 3 YEARS				
IMPACT					
5 - Catastrophic	5	10	15	20	25
4 - Major	4	8	12	16	20
3 - Significant	3	6	9	12	15
2 - Minor	2	4	6	8	10
1 - Insignificant	1	2	3	4	5
	1 - Very Rare	2 - Unlikely	3 - Possible	4 - Likely	5 - Almost Certain
	LIKELIHOOD				

Appendix 3 - References and Definition of Terms

References

Moray College References (not exclusively):

- Financial Memorandum
- Regional Outcome Agreement
- Committee Standing Orders
- College Strategy
- Risk Appetite Statement
- Risk Management Policy

UHI References (not exclusively):

- Committee Standing Orders
- Risk Documents
- Strategy

Other References:

- AIRMIC – A Structured Approach to Enterprise Risk Management and the Requirements of ISO 3100
- ISO 31000 - Risk Management
- SFC – Accounts Direction for Scotland’s colleges 2016/2017

Definition of Terms

- Board - means the Board of Management of Moray College
- College - Moray College UHI;
- Gross Risk – level of risk before action taken
- Likelihood – probability of an event
- Impact – effect of an event
- Residual Risk – level of risk after action taken
- Risk - Risk can be defined as the combination of the probability of an event and its consequences
- Risk Categories – the different groups of risks
- Risk Register – main document containing information about the College’s risks
- Risk Owner – individual responsible for a risk and its management
- Risk Action – activity taken to mitigate a risk
- Risk Appetite – the level of risk the College is prepared to embrace in pursuit of its objectives
- Risk Appetite Statement – summary of the college’s appetite and tolerance
- Risk Tolerance – specific limits in relation to what the college will accept concerning risk
- SFC means the Scottish Funding Council
- Tolerate – a risk treatment option: accept the risk as it is without action
- Treat – a risk treatment option: take action to mitigate the risk
- Terminate a risk treatment option: stop the activity that is creating the risk
- Transfer – a risk treatment option: pass on the risk e.g. insurance

- UHI – University of the Highlands and Islands
- UHI 'Regional strategic body' means the University of the Highlands and Islands in its role as a regional strategic body.

Agenda Item: F.19.2.11

Title of Paper:	Review of Terms of Reference of Finance and General Purposes committee			
To Committee:	Finance and General Purposes Committee			
Subject:	Terms of Reference of Finance and General Purposes Committee			
Version number and date:				
Brief summary of the paper:	A review of the Standing Orders of the Board of Management is currently being undertaken. The review is due by the end of 2019. It would seem sensible and timely to also undertake a review of the terms of reference of each of the Board's Standing Committees at the same time.			
Recommendations:	Committee is asked to consider the current terms of reference and check if they are still fit for purpose. There have been a number of changes to the remit of the Committee since these were last reviewed; the Building Committee no longer exists. Staff Governance is now responsible for the oversight of health and safety.			
Action requested/decision required:	Consider current terms of reference against the work of the Committee and make any recommended changes to be incorporated into the review of the Standing orders.			
Status: <i>(please tick ✓)</i>	Reserved:		Non-reserved:	✓
Date paper prepared:	30-5-2019			
Date of committee meeting:	4 June 2019			
Author:	Cathie Fair			
Link with strategy: Please highlight how the paper links to, or assists with: Strategic Plan including <ul style="list-style-type: none"> • Curriculum • Learning and Teaching • Organisational culture • Partnership • Sustainability 	Remit of F&GP covers financial stability and sustainability of the College			
Equality and diversity implications:				

Agenda Item: F.19.2.11

Resource implications: <i>(If yes, please provide detail)</i>	
Risk implications: <i>(If yes, please provide detail)</i>	Risk that terms of reference do not accurately reflect the current work of the Finance and General Purposes Committee
Appendices:	Current terms of reference of the F&GP Committee and Terms of Reference of Inverness College UHI
References:	<i>References to anyone else's work, publications or journals</i>

FINANCE & GENERAL PURPOSES COMMITTEE

Terms of Reference

Authority

- The Finance and General Purposes Committee is accountable to the Board, and is authorised on its behalf to:
- Ensure that a sound system of internal financial management and control and a robust mechanism for considering financial issues is in place; making recommendations as appropriate.
- Monitor the performance of that System on a regular basis throughout the accounting period.
- Carry out detailed examination of the Annual Report and Financial Statements and, if appropriate, recommend their approval by the Board. The Board remains responsible for their approval and for safeguarding the College's assets.
- Review the College's needs with regard to buildings and property, and to make recommendations to the Board on the acquisition and disposal of land, buildings or properties in accordance with those needs.
- The Committee may obtain independent professional advice and secure the attendance of external persons with relevant expertise and experience.

Membership

The Committee shall comprise at least three members of the Board, at least one of whom should have a background in finance or accounting, and the Principal.

The Committee may co-opt non-executive members who are not members of the Board, and who have particular relevant experience or expertise. Co-opted members may not be appointed to be Convener of the Committee, or attend Board meetings, but their status in other respects will be equivalent to full Board members.

The Board will appoint the Convener of the Committee.

Agenda Item Reference: F.19.1.

Proceedings

The Committee should meet at least three times a year, and the timing and content of the meetings should follow, as far as possible, the financial reporting cycle and the scheduling requirements of the full Board.

The Finance Director will attend meetings. Other staff may also be invited to attend as appropriate, given the areas of responsibility under consideration.

The Clerk to the Board of Management will attend the Committee. S/he will be responsible for establishing and maintaining effective mechanisms to inform the Committee of relevant reports and other publications that impact on the Committee's work.

At all its meetings, the quorum shall be at least one third of the total number of its members, subject to a minimum of three where the substantive membership is five or two where it is less than five.

Duties

Financial Management and Controls

- To advise the Board on all aspects of the College's finances, financial policies, procedures and administration and controls;
- To ensure adherence to the statutory requirements relating to the College's financial affairs, and compliance with the Financial Memorandum and related Funding Council guidance;
- To ensure that the College's Financial Regulations and Financial Procedures are complied with, and are reviewed and updated annually;
- To consider new means of income generation and advise the Board accordingly;
- To consider, review and report to the Board on the monthly and annual management accounts of the College, and quarterly and annual accounts of any subsidiary, Trust or other associated organisation;
- To review and recommend to the Board if appropriate the writing off of individual debts outwith the authority delegated to the Principal.
- To produce an annual report to the Board on the state of the College's finances.
- To consider and advise the Board on any relevant taxation issue;

Agenda Item Reference: F.19.1.

- To advise the Board generally on investments and borrowings and to seek appropriate advice from external sources;

Risk Management and Business Continuity

- To consider and advise the Board about the College's approach to risk management and business continuity;

Budget Setting and Monitoring

- To consider and make recommendations to the Board on the annual estimates of income and expenditure, including income, from Public Funds and all other sources;
- To monitor actual financial performance against budgets on a regular basis throughout the accounting period, to investigate significant variances in income and expenditure and to report to the Board
- To consider and make representations to the Board on the solvency of the College and the safeguarding of its assets, including reviewing annually the College's insurance arrangements;

Banking

- To consider and approve College banking arrangements and signatories for accounts;

Student Matters

- To approve all tuition fees and arrangements for determining the charges for services, and a system for collecting them in accordance with the Act and the Financial Memorandum;
- To consider Policies and Procedures for the financial support of students;

Property

- To consider and review any proposed capital spending projects and where appropriate approve those contained within the approved budget and to advise the Board on the financial implications of those in excess of the approved budget.

Agenda Item Reference: F.19.2.12

Title of Paper:	Policy Review Update			
To Committee:	Finance & General Purposes Committee ("F&GP")			
Subject:	Policy Review Update			
Version number and date:				
Brief summary of the paper:	Update on policies which sit with F&GP, which require to be updated			
Recommendations:				
Action requested/decision required:	For noting and discussion			
Status: (please tick ✓)	Reserved:		Non-reserved:	X
Date paper prepared:	29 May 2019			
Date of committee meeting:	4 June 2019			
Author:	Director of Finance			
Link with strategy: Please highlight how the paper links to, or assists with: Strategic Plan including <ul style="list-style-type: none"> • Curriculum • Learning and Teaching • Organisational culture • Partnership • Sustainability 	<p>The enclosed schedule provides an overview of the policies which sit with F&GP, which require to be reviewed and updated over the coming months.</p> <p>Prior to being presented to F&GP for approval, these policies shall have been updated and reviewed by the College SLT.</p>			
Equality and diversity implications:	N/A			
Resource implications: <i>(If yes, please provide detail)</i>	N/A			
Risk implications: <i>(If yes, please provide detail)</i>	Risk of College polices being out-of-date/not fit for purpose.			
Appendices:	As enclosed			

Overview of Policies - F&GP (May 2019)				
Policy Name	Current Position	Responsible Officer	Actions Required/Suggested	Target Date for Policy Approval
Commercial Strategy	Requires to be updated/re-written	FD	FD and member(s) of F&GP to review current strategy and determine revised policy/strategy	To be agreed with F&GP
Estates Strategy	Requires to be updated/re-written	FD	FD and member(s) of F&GP to review current strategy in light of funding and recent SFC Condition Survey	To be agreed with F&GP
FE Fees Policy	Currently under review	FD	Feedback on FE Fees policy to be provided to UHI.	F&GP Meeting of 10 Sept 19
Records Management	Currently under review	DIPSS	Revised policy behind developed by UHI, which will then have localised addendum to reflect individual College's specific records (i.e. for FE matters)	F&GP Meeting of 10 Sept 19