

Board of Management

Minutes

Meeting reference: Board 2023-24/03
Date and time: Thursday 28 March 2024 at 5.00pm
Location: Boardroom (Braham Room 019)

Members present: Graham Watson, Chair, Board of Management
Michael Buchanan, Chair, Finance & Resources Committee
Jenny Hamilton, Chair, Strategic Development Committee
Mary Fraser, Board Member
Jenni Harrison, Board Member
Chris Lusk, Board Member
Elaine Piggott, Board Member
Ian Robotham, Board Member
Derek Waugh, Board Member
Alistair Wylie, Board Member
Margaret Cook, Principal & Chief Executive
John Dare, Staff Board Member
Patrick O'Donnell, Staff Board Member
Ronnie Dewar, Trade Union Board Member
Winston Flynn, Trade Union Board Member

In attendance: Alastair MacColl, Chair UHI Court (Observer)
Lorenz Cairns, Depute Principal
Lynn Murray, Depute Principal (Operations)
Veronica Lynch, Vice Principal (External)
Ian McCartney, Clerk to the Board of Management

Apologies: Jim Crooks, Chair, Audit Committee
Debbie McIlwraith-Cameron, Board Member
Fiona Smith, Student Board Member
Rebecca Bond, Student Board Member
Catherine Etri, Vice Principal (Academic)

Chair: **Graham Watson**
Minute Taker: Ian McCartney
Quorum: 9

UHI Perth is a registered Scottish charity, number SC021209

We will act with integrity in everything we do

Student Centred + Innovative + Ambitious + Respectful + Inclusive + Collaborative

Current Action Log

Initial Meeting date	Topic	Action	Owner
17 October 2023	Development Trust	Board to receive process update re winding up of Development Trust	Vice Principal (External)
14 December 2023	Approval of Accounts	Extraordinary Board meeting to be organised early in 2024 to scrutinise and approve Financial Statements & Audited Accounts	Clerk

MINUTES

Item				Action																
1.	<p>Welcome and Apologies</p> <p>Chair welcomed new Members to the meeting and introductions were made.</p> <p>Chair noted this meeting was the last Board meeting for John Dare following several years as a Staff Board Member. Chair thanked John for his service and commitment.</p> <p>Chair introduced Lynn Murray, new Depute Principal (Operations) to her first Board meeting.</p>																			
2.	<p>Additions to the Agenda</p> <p>An update on the Development Trust would be added as Item 9.2.</p>																			
3.	<p>Declaration of Interest in any Agenda Item</p> <p>There were no Declarations of Interest noted.</p>																			
4.	<p>Minutes of Board of Management meeting, 14 December 2023</p> <p>The minutes were APPROVED as an accurate record of the meeting.</p>																			
5.	<p>Matters Arising</p> <table border="1" data-bbox="220 1285 1182 1912"> <thead> <tr> <th data-bbox="220 1285 443 1361">Initial Meeting date</th> <th data-bbox="448 1285 676 1323">Topic</th> <th data-bbox="681 1285 963 1323">Action</th> <th data-bbox="968 1285 1182 1323">Status</th> </tr> </thead> <tbody> <tr> <td data-bbox="220 1361 443 1547">17/10/2023</td> <td data-bbox="448 1361 676 1547">Risk Appetite</td> <td data-bbox="681 1361 963 1547">Risk Appetite to be reviewed in Cycle 3 and presented to March Board</td> <td data-bbox="968 1361 1182 1547">Complete (on agenda)</td> </tr> <tr> <td data-bbox="220 1547 443 1733">17/10/2023</td> <td data-bbox="448 1547 676 1733">Development Trust</td> <td data-bbox="681 1547 963 1733">Board to receive process update re winding up of Development Trust</td> <td data-bbox="968 1547 1182 1733">Ongoing</td> </tr> <tr> <td data-bbox="220 1733 443 1912">14/12/2023</td> <td data-bbox="448 1733 676 1912">Balanced Scorecard</td> <td data-bbox="681 1733 963 1912">Board to receive a summary of key challenges in achieving KPIs in Cycle 3</td> <td data-bbox="968 1733 1182 1912">Complete (on agenda)</td> </tr> </tbody> </table>			Initial Meeting date	Topic	Action	Status	17/10/2023	Risk Appetite	Risk Appetite to be reviewed in Cycle 3 and presented to March Board	Complete (on agenda)	17/10/2023	Development Trust	Board to receive process update re winding up of Development Trust	Ongoing	14/12/2023	Balanced Scorecard	Board to receive a summary of key challenges in achieving KPIs in Cycle 3	Complete (on agenda)	
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	14/12/2023	Approval of Accounts	Extraordinary Board meeting to be organised early in 2024 to scrutinise and approve Financial Statements & Audited Accounts	Ongoing	
6.1	<p>Chair's Report</p> <p>Chair provided verbal update, noting the successful outcome of the recent Independent Board Member recruitment process.</p> <p>Chair noted that work was continuing behind the scenes to move various Target Operating Model workstreams forward. There is clear recognition that change is required and support for seeking ways towards a viable single organisation capable of surviving in a challenging environment.</p> <p>Chair advised, however, that concerns remain around the timetable for change, and around Boards' comfort on the detail as well as the concept. Chair stressed that Boards will not be pressganged into a new UHI model unless all can buy into it.</p> <p>Chair further noted that the local restructuring exercise was ongoing as UHI Perth needs to get its own house in order before any merger can take place.</p> <p>Chair advised that the UHI project management team had issued a Framework Document for progress but this was yet to be populated and it was clear there was an enormous amount of work required to generate a robust Outline Business Case that can be brought before the Board. While there was a focus on shared services, governance and strategy, the elephant in the room remains the costs of running Executive Office, and the workstream reporting on this area did not reach a full outcome on this area. This may be addressed within the Outline Business Case, however not delivering savings and reducing the cost base to the Academic Partners will be problematic in getting the Target Operating Model approved.</p> <p>Chair stressed that, in relation to the Outline Business Case, the key is to bring the SFC on board as there will be a need for legislative change around the governance structures within UHI, therefore Boards will likely need to work with interim arrangements, which presents challenges around Going Concern, among other areas.</p> <p>Chair summarised that there is support for change while recognising there is a challenging timescale and any changes proposed need to</p>				

include clear proposals around change within Executive Office. Moreover, UHI Perth needs to get its own house in order first even if this results in delay to the UHI restructure.

Chair invited the Chair of UHI Court to address the points raised.

Chair UHI Court agreed with much that had been said, but didn't agree that the process had been top-down from UHI due to the involvement of the AP Principals throughout the process. Chair UHI Court also agreed that there were difficult challenges, however argues that the Chair's assessment was quite bleak.

Chair UHI Court advised that the OBC was scheduled to be submitted to SFC at the end of May, and would include an options appraisal, an impact assessment and outline costs. It is these expected that this would trigger a process of due diligence with proposals around governance structures and a critical appraisal process and consultation with individual Boards prior to a Full Business Case being presented.

Chair UHI Court stressed that Government Ministers had been apprised of the process and there was clear agreement that more of every pound of funding needs go to improving the student experience, however this needs every part of UHI working together over the next 18 months or so to arrive at a UHI that is in shape for the future.

Staff Board Member queried the timeline for the OBC, noting that there was signposting but no detail as yet, and sought reassurance that there would be ample time to scrutinise and is there therefore a danger that any decision may be rushed. Chair UHI Court acknowledged the challenging timescale but the financial position demands change as does the government, and there was confidence that the OBC would be ready by the end of May. Chair UHI Court explained that there would be 12 weeks to prepare a Full Business Case following the OBC but the OBC gets UHI far enough down the road for sponsors to consider transition funding for the next stage.

Chair sought clarification on where the interim funding would be coming from. Chair UHI Court advised that work will be proceeding around extracting a dividend from organisational savings therefore the funding would be from internal sources, soft loans and support from SFC.

Board Member queried that, as decisions were being made around offerings. What is being done to ensure that one decision being made locally doesn't impact on other parts of UHI. Chair UHI Court agreed that it will be challenging to co-ordinate this properly therefore decisions need to be made quickly while accepting there will be a messy period.

	<p>Board Member expressed nervousness around the transition process as this will require some heavy lifting in terms of resources at a time when dedicated resources are being pulled out of the business. Chair UHI Court acknowledged that, while local Bords may not be seeing a lot of the detail as yet, there is a clear shape beginning to emerge which it is hoped will provide a good basis to start making decisions, and a roadmap even if final solutions are not available at an early stage.</p> <p>Trade Union Board Member noted concern around what UHI is giving back to the APs, and lowering the top-slice would help ease some of this strain. Chair UHI Court advised that, by defining a new model, there would be no such thing as the top-slice, but this needs to be looked at over the months ahead.</p> <p>Depute Principal noted that the quality of the product is key and that the danger of a “messy” time as alluded to is that there is a risk that students leave which fundamentally damages reputation; there is a need to protect the product and to do this the right people need to be in the right place. Chair UHI Court sought to clarify that the “messy” period will be one where APs will be making local curriculum decisions, but UHI is looking to provide the most coherent approach in the interim until a fully-aligned provision is deliverable.</p> <p>Board Member noted that a restructure usually means taking cost out of the business, however UHI is not a standard university and has always had a core purpose beyond a purely academic one, therefore there is a need to protect broader issues such as cultural/language courses that may be deemed economically non-viable, which doesn’t align with taking costs out. Chair followed this position up by querying how and why UHI Perth would be responsible to assist in funding such activities.</p> <p>Chair UHI Court agreed with the statement, and advised that there was no question that UHI would abandon its social and cultural mission around rural areas as there is a degree of subsidy built in and there is no appetite within UHI to move away from the funding mission.</p> <p>Chair UHI Court concluded that Board had made clear their nervousness around timescale and detail, however it is good to see the college so heavily involved in taking the challenge head-on to enable the partnership to get to a Business Case position.</p>	
<p>6.2</p>	<p>Principal’s Report</p> <p>Principal summarised Paper 2, adding that the FE Funding Letter had been received from SFC today, however the HE Funding Letter was still to arrive.</p>	

	<p>Principal advised that sector funding was down 4.8% for next year (amounting to £37m) which is not what Principals were given to understand over the last few weeks, as flat-cash for teaching had been the previous position.</p> <p>Principal noted that the Workstreams haven't built this into their consideration and the specifics of the financial impact of the funding letter will require to be examined by the Regional Strategic Body before filtering down to local levels. Principal advised that there was no visibility of the HE Funding Letter, and it may be a few weeks before this arrives.</p> <p>Principal noted the ongoing industrial action and the impacts these were likely to have in the coming weeks, particularly around Action Short of Strike.</p> <p>Principal expressed disappointment at the voter turnout in the recent HISA elections, and noted the lack of Student Board Members in attendance.</p> <p>Paper 2 was NOTED by the Board.</p>	
<p>6.3.</p>	<p>UHI Target Operating Model - update</p> <p>Committee agreed that this item had been covered in some detail under Item 6.1.</p>	
<p>6.4</p>	<p>UHI Perth Sustainability Project – Workstream Updates</p> <p>Vice Principal (External) provided a verbal update on the Sustainability Project, noting the that the overall aim of the Project was to achieve a balanced budget by the end of Financial Year 2024/25, which has required working on the basis of £4m - £4.5m in costs out or cash in. Vice Principal (External) noted that the 4.8% funding cut in FE effectively adds another £1m to that target.</p> <p>Vice Principal (External) noted that the carious Workstreams had been operating since November 2023, and a detailed update on some of the work done in these areas had been provided to the recent joint meetings of Strategic Development and Finance & Resources Committees.</p> <p>Vice Principal (External) advised that, as of today, all initial recommendations to the Workstreams had now been submitted and work commences tomorrow to begin working through these with the Perth Leadership Group and Senior Leadership Team, which would include a “sense check” process.</p> <p>Vice Principal (External) advised that a proposed draft for Trade</p>	

	<p>Union consultation would be pulled together by 17th April, with this being shared with staff at the start of the formal Consultation process a week later, all with a view to having new structures in place by 1st August 2024. Board would be presented with proposals at the June Board meeting.</p> <p>Board Member queried whether there would be an opportunity for earlier sight of the recommendations. Principal advised that the Board approve the outcomes as opposed to the input around staff aspects, and that there is a legal position around the Trade Union consulting process to ensure they are given extra time for scrutiny, therefore there is no opportunity to provide Board with the details any earlier than when staff receive these details at the start of the formal Consultation process.</p> <p>Vice Principal (External) noted that there were continuing discussions with PLG to achieve the required savings, and that where possible this would be aligned with the UHI 2030 Strategy, as well as taking cognisance of whether the delivery model would be impacted by the ongoing EO restructuring process.</p> <p>Board thanked Vice Principal (External) for the update.</p>	
<p>6.5</p>	<p>Your Students' Association Report</p> <p>Paper 3 was NOTED by the Board.</p> <p>Board Member expressed concern over the lack of student presence at the Board and other Committee meetings as there is a need for the student voice to be heard, particularly at this challenging time. This would be explored within the regular meetings with HISA representatives.</p> <p>Board Member noted the potential for conflict of interest should the incoming HISA Perth President take up membership of the Board. Clerk advised Board of the processes undertaken to ensure appropriate governance, and this would be given appropriate scrutiny.</p>	
<p>7.1</p>	<p>HR & Payroll System</p> <p>Principal introduced Paper 4, noting that 4 Academic Partners were now signed up for the collective purchase, which was being led by UHI Perth and included a staff resource.</p> <p>Principal advised that an absolute cost was not yet available, however indications were that the system was likely to generate a saving of £0.5m across the partnership,</p> <p>Principal noted that Finance & Resources Committee had endorsed the proposal, and the project represented and good example of how</p>	

	<p>UHI partners can work collectively within a shared service framework.</p> <p>Chair sought clarification that the proposal was attractive from a strictly UHI Perth point of view. Principal confirmed this was the case.</p> <p>Board Member queried whether consideration had been given to the change management required re processing for the new system. Principal advised that the teams were very conscious around systems and processes being robust to allow other Academic Partners to join when ready.</p> <p>Board Member queried what the end date would be for the project. Principal noted this was staggered depending on local needs/contracts, however UHI Perth was looking at an end November completion date, although this is a challenging timeline.</p> <p>Paper 4 was APPROVED by the Board.</p>	
7.2	<p>Risk Appetite Review</p> <p>Chair Audit presented Paper 5, which followed on from previous discussion around the Enterprise Risk Management model showing a lack of alignment between actual risk and the Board Risk Appetite.</p> <p>Chair Audit noted that when Risk Appetite levels were breached, this would trigger a report being escalated to Board level.</p> <p>Board APPROVED Paper 5.</p>	
8.1	<p>UHI Perth Management Accounts to 31 January 2024 & Financial Outlook</p> <p>Depute Principal (Operations) presented Paper 6, which presented a high-level detail of the current position, and had been previously scrutinised at Finance & Resources Committee,</p> <p>Board NOTED Paper 6.</p> <p>Depute Principal (Operations) provided an update on the status of the External Audit of Accounts for 2022/23, noting that these were still not in a position to be tabled.</p> <p>Depute Principal (Operations) noted that Audit Scotland want to be assured that triennial assumptions used for pensions liabilities were aligned correctly, which requires the Actuary to confirm that nothing had changed from the previous assumptions which would then allow the accounts to be prepared for signing off. While progress was being made in this regard, there was also a need to convert the funding valuation to an accounting valuation, and to then ascertain</p>	

	<p>whether there is a material difference to report.</p> <p>Depute Principal (Operations) noted that Audit Committee had strongly expressed its unhappiness with both the delays and the inability to received a definitive timeline on when the Annual Accounts would be ready for signing off, and the Interim Finance Director at EO had been contacted to request that the UHI Principal write to Audit Scotland to follow the matter up. Feedback was being collated from other APs prior to this letter being issued.</p> <p>Depute Principal (Operations) further noted that, should the Accounts not be signed off by the end of April, the Office of the Scottish Charity Regulator will highlight that the statutory deadline has been missed and there are some reputational risks surrounding this.</p> <p>Chair queried whether there was any clarity that there would be no liability for the Board in this matter as the issue is beyond Board's control. Board Member also suggested taking legal advice on the matter. Depute Principal (Operations) advised that legal advice was being taken via EO and this would be reported back.</p> <p>Principal advised Board that the Auditor General had been critical of the External Auditor while being understanding of the issues across the Audit landscape.</p>	
<p>8.2</p>	<p>Financial Forecast Return – Mid-Year 2023/24</p> <p>Depute Principal (Operations) presented a high-level summary of information to be presented to SFC re mid-year forecasts. Depute Principal (Operations) noted that there would require to be reconciliation between FFR and UHI Perth's Management Accounts.</p>	
<p>9.1</p>	<p>Summary of Key Challenges re KPIs</p> <p>Depute Principal presented Paper 7, noting the impact that the focus on work around the Workstreams had had on collating KPIs.</p> <p>Depute Principal advised that the KPI document would be updated once the impact of the Workstreams was better known.</p> <p>Board Member thanked Depute Principal for flagging up the issues but expressed concern over diluting the KPIs going forward as some may be achieved with less resource and others that miss target can still be reported. Depute Principal advised that there was no assumption that KPIs would be diluted but if the outcome of the Workstreams required significant change this would come back to Board for discussion.</p> <p>Board NOTED Paper 7.</p>	

<p>9.2</p>	<p>Development Trust</p> <p>Vice Principal (External) provided an update on the winding up of the Development Trust, noting that a meeting had been arranged with the Trustees to sign off accounts and provide guidance on the process of dissolution. The process may take up to 6-8 months to be concluded.</p> <p>Vice Principal (External) advised that UHI had attended the meeting with the Trustees as they will be providing central resource for such funding in the future.</p> <p>Progress will continue to be reported to the Board.</p>	
<p>10.</p>	<p>Standing Committee Summaries</p> <p>Board received summaries from the Chairs of each Standing Committee and NOTED the following minutes:</p> <ul style="list-style-type: none"> • Chairs Committee – 07 February 2024 • Learner Experience Committee – 21 February 2024* • AST Board – 28 February 2024 • Strategic Development Committee – 07 March 2024 • Joint meeting of Strategic Development and Finance & Resources Committee – 07 March 2024 • Finance and Resources Committee – 07 March 2024 • Audit Committee – 19 March 2024 <p>*(full minutes provided rather than summary)</p>	
<p>11.</p>	<p>Date & Time of Next Meeting</p> <ul style="list-style-type: none"> • Thursday 06 June 2024 @ 1:00pm <p>Board were advised that an Extraordinary Board may be required around approval of Annual Accounts and External Audit.</p>	
<p>12.</p>	<p>Review of Meeting</p> <p>Board confirmed that the meeting had been conducted in line with the Terms of Reference.</p>	

Information recorded in College minutes are subject to release under the Freedom of Information (Scotland) Act 2002 (FOI(S)A). Certain exemptions apply: financial information relating to procurement items still under tender, legal advice from College lawyers, items related to national security.

Notes taken to help record minutes are also subject to Freedom of Information requests, and should be destroyed as soon as minutes are approved.

Status of Minutes – Open

An **open** item is one over which there would be no issues for the College in releasing the information to the public in response to a freedom of information request.

A **closed** item is one that contains information that could be withheld from release to the public because an exemption under the Freedom of Information (Scotland) Act 2002 applies.

The College may also be asked for information contained in minutes about living individuals, under the terms of the Data Protection Act 2018. It is important that fact, rather than opinion, is recorded.

Do the minutes contain items which may be contentious under the terms of the Data Protection Act 1998? **Yes** **No**