UHI | PERTH

Board of Management

Minutes

Meeting reference: Board 2023-24/02
Date and time: Thursday 14 December 2023 at 5.00pm
Location: Boardroom (Brahan Room 019)

Members present: Graham Watson, Chair, Board of Management
Michael Buchanan, Chair, Finance & Resources Committee
Andrew Comrie, Chair, Strategic Development Committee
Jim Crooks, Chair, Audit Committee
Jenny Hamilton, Board Member
Jenni Harrison, Board Member
Debbie McIlwraith-Cameron, Board Member
Elaine Piggott, Board Member (until Item 6.4)
Derek Waugh, Board Member
Alistair Wylie, Board Member
Margaret Cook, Principal & Chief Executive
Patrick O'Donnell, Staff Board Member
Rebecca Bond, Student Board Member

In attendance: Alastair MacColl, Chair UHI Court (Observer – until Item 6.4)
Lorenz Cairns, Depute Principal
Catherine Etri, Vice Principal (Academic)
Veronica Lynch, Vice Principal (External)
Iain Wishart, Vice Principal (Operations)
Ian McCartney, Clerk to the Board of Management

Apologies: Fiona Smith, Student Board Member

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

Current Action Log

Initial Meeting date	Topic	Action	Owner
17 October 2023	Risk Appetite	Risk Appetite to be reviewed in Cycle 3 and presented to March Board	Vice Principal (Operations)
17 October 2023	Development Trust	Board to receive process update re winding up of Development Trust	Vice Principal (External)
14 December 2023	Balanced Scorecard	Board to receive a summary of key challenges in achieving KPIs in Cycle 3	Depute Principal
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.	**Welcome and Apologies** Chair welcomed everyone to the meeting, and noted apologies.	
2.	**Additions to the Agenda** Principal advised that Item 8.1 to be moved to Item 6.4 to provide better flow to meeting. All subsequent Agenda Items to be renumbered accordingly. Chair requested update on Development Trust, now Item 10.	
3.	**Declaration of Interest in any Agenda Item** There were no Declarations of Interest noted.	
4.	**Minutes of Board of Management meeting, 17 October 2023** The minutes were **APPROVED** as an accurate record of the meeting.	
5.	**Matters Arising** **Item 12 – Risk Appetite** This item would be discussed during Cycle 3 and presented at the next Board meeting. **Item 14 – Development Trust** Item to be noted as a Pending Action.	
6.1	**Chair's Report** Chair provided verbal update, noting continuing involvement in work around the UHI Target Operating Model. Chair advised that UHI Finance Group were spending time with all Academic Partners to get a better idea where the organisation sits, including plans around budgets and cash. Chair noted that there had also been communication with SFC re needs of colleges within Partnership, and UHI Perth's needs appear to be different to some other partners, and it had been stressed to Chair of UHI that there is a clear case for UHI Perth to be able to speak directly to SFC on this matter. Chair clarified that the position for UHI Perth is effectively a short-term cashflow issue but there are limitations on being able to pull levers directly, therefore there is a reliance on UHI, however there is an expectation that SFC support	

	will be forthcoming; however, there are concerns that UHI Perth may be impacted by more systemic problems at other UHI Academic Partners. Chair UHI was invited to respond to this item, and noted that there was a critical situation affecting the sector, not just UHI. Chair UHI acknowledged that the role of the Regional Strategic Body is at times uncomfortable, and it does seem odd at times that colleges within UHI have no direct dialogue, however SFC want UHI to present a radical medium- and long-term solutions, not a sticking plaster. Chair UHI noted that SFC were listening and responding but no guarantees have as yet been provided. SFC want a partner-wide solution and will not countenance individual partners doing their own thing. Chair UHI could not give guarantees beyond presenting UHI Perth's case to then allow progress towards a new model, and noted that there is a critical period over the next few weeks to reach a sensible solution with SFC. The model will have sustainability at its heart and only things that need to be done centrally will be done centrally, including shared services; the key issues are likely to be around how to deliver such a model. Board Member queried whether there had been any indication beyond SFC around support becoming available. Chair UHI noted ministerial awareness of both the short-term issues and the longer-term ambitions, however it is an unprecedented environment and any new funding provided means taking funds from somewhere else, albeit there was a strong case being made. Board Member queried what would happen if SFC turn down requests for funding. Chair advised that if there was no support available then the Board will have to actively consider other alternatives, but it is not clear what these would be. Board Member queried whether funding to cover the cashflow issue within UHI was a hard no. Chair confirmed that this was the position adopted at UHI Court therefore this is not available to UHI Perth as a potential solution. Board Member noted that the £47m identified then withdrawn from HE/FE and used to fund teachers was a clear signal from the Government. Board Member further noted that FE spend per head is considerably less than in schools and HE, but UHI is in a tricky position in this regard. UHI Chair advised that, in event of a hard no from SFC, Plan B discussions would need to be had. UHI Ltd have never had to	

	provide funding as funds have been made available by SFC to be directed in times of specific need. UHI does not want to leave any partner behind, but UHI Ltd has limited funds available. Chair noted that there needs to be much greater transparency with regards to funding of Executive Office via the Top-Slice, but this is fully expected to be part of Target Operating Model. Board Member queried whether there were any other routes to loans available to UHI Perth. Chair UHI advised that UHI would not rule out creative solutions to problems arising through ongoing discussions. Chair UHI also clarified that there would be no need for a Regional Strategic Body in a unified organisation. Board Member expressed discomfort from a risk point of view that UHI Perth are unable to have actions or mitigations in place around funding. Chair was sympathetic to this view, however UHI need to be given the opportunity to pull something together, noting that there would be an extraordinary meeting of Chairs Committee to consider some of the options available. Depute Principal advised that a healthy UHI Perth equates to a healthy Partnership as funds received will be central to any future model; while there are patches of excellence within the partnership these are not reflected across the board. Chair reassured Board that no-one will be press-ganged in to accepting a new model for UHI that they cannot buy into. Board Member noted that, while support of SFC being contingent on certain conditions seemed reasonable, it was hard to see how this would work in terms of timing in that there was a need for short-term cash versus longer-term structural change. Chair clarified that there had been a 2-phase solution communicated to SFC; (1) short-term financial; (2) Target Operating Model which will require further financial support. Chair UHI added that SFC want to be assured that there is work that will deliver in terms of sustainability. Staff Board Member noted that one of Government's core education policies was around coherence, therefore expected to SFC to be favourable around increased integration. Chair UHI agreed that UHI has particular strengths as a tertiary organisation in this regard. Board Member noted that, as this is a whole-sector problem, any SFC support would be short-term but require to be evidenced by transformation within a short window of time. UHI have not delivered on promises around previous transformations, therefore what expectation should there be that the new Target Operating Model will work in this instance.	

	Chair UHI responded that UHI is a complex beast, however in this instance a great deal of time has been spent putting foundations in place prior to required changes. Political capital has also had to be generated against a difficult backdrop, but the situation is now critical, and this iteration of change feels like a genuine partnership with overwhelming conviction and not something handed down by Executive Office. Board Member asked Principal whether this iteration felt different. Principal responded that UHI 2024 started the process off but change hasn't moved quickly enough; those involved are working well together but within limited timescales - hopefully this will be enough but cannot give an absolute guarantee. Principal further noted that there is a risk of lost opportunity to be something different within the sector and UHI is not as unique as it is internally thought to be. Board Member raised concern that the different interests and priorities within the Partnership may mean there is no common path. Board Member agreed that the colleges within UHI are very different, but fundamentally current levels of staffing costs across the Partnership are unsustainable. Chair stressed a need to see and equitable approach moving forward which requires partners putting their own houses in order prior to adoption of the Target Operating Model. Staff Board Member added that a centralised model would only work if Academic Partners have complete confidence in Executive Office. Chair UHI concluded that a change in mindset is required for an integrated model to show benefits.	
6.2	**Principal's Report** Paper 2 was **NOTED** by the Board. Principal added that an offer had been made in regard to the Depute Principal (Operations) role which had been verbally accepted.	
6.3.	**UHI Target Operating Model - update** Committee agreed that this item had been covered in some detail under Item 6.1.	
6.4	**UHI Perth Management Accounts to 31 October 2023 and Financial Outlook** Vice Principal (Operations) summarised Paper 6, noting that the paper was comprised of the Quarter 1 Management Accounts 2023/24, plus the Financial Outlook through 2024/25. Vice Principal (Operations) noted that there was no 2023/24 budget presented due	

	to the ongoing reorganisation process. Vice Principal (Operations) advised that the Year to Date figures were tracking against last year's numbers and against the Mid-Case forecast, that full funding for FE and 1600 HE FTEs remained the prediction for the year, and that the was no provision for clawback in 2023/24. With regard to the Cash Forecast, Vice Principal (Operations) noted that the model provided showed that a draw-down of 100% of FE cash in April would ensure the college would not enter a negative cash position until June 2025, and that this additional time may be a more appetising position for SFC than previous modelling. Chair added that the model paints a picture for SFC that there are levels that can be pulled to mitigate against a short-term cashflow issue. Board Member noted that the reprofiled cashflow may provide the mitigation and contingency that was sought earlier. Vice Principal (Operations) noted that the Triennial Pension Valuation for the Tayside Pension Fund would result in a reduction in employer contributions from 17% to 15.7% from April 2024. Board Member expressed need to ensure staff capacity will meet FE and HE Credit targets as, even if cashflow issues are successfully addressed, there is still a need to square the circle around capacity issues. Principal advised that capacity issues would be addressed within proposed changes to both Curriculum and Professional Services, which will be brought to the Board at the earliest opportunity. Board Member queried whether pension valuation meant that the pension pot had been reduced. Vice Principal (Operations) clarified that the valuation looks at the ability of the fund to pay future pensions, and there are currently surplus funds available therefore allowing a reduction in contributions. Board Member sought clarification around whether the single drawdown referred to was achievable. Vice Principal (Operations) advised that normally college can draw down as required, but is not permitted to sit on more than 1 month's operating cash. It is likely that timings linked to the National Bargaining settlement would mean that a single drawdown would not be in breach of this limitation, however it is not known whether this approach would have any issues for SFC on a national level. Board Member queried whether SFC would exceptionally allow UHI Perth to run a deficit budget for 12 months. Chair UHI noted that this would be one of the options UHI would be looking to explore with SFC. Paper 6 was **NOTED** by the Board.	

6.5	**HISA Perth Report** Student Board Member provided a summary of Paper 3, highlighting the increase in Student Voice Reps from previous year, and the improved attendance at Student Representative Council. Principal noted continuing concern around overall impact for UHI Perth students being delivered on a regional basis, citing the reduced officer contracts meaning no student officer presence in June and July. Principal further noted that there hadn't yet been an opportunity to meet with the new HISA Chief Executive. Paper 3 was **NOTED** by the Board.	
7.1	**Internal Audit Annual Report 2022-23** Chair of Audit Committee summarised Paper 4, which had been endorsed at the Joint Meeting of Finance & Resources and Audit Committees on 07 December 2023, highlighting that the Report noted "all work conducted in 2022/23 assessed systems as either 'Good' or 'Satisfactory' and provided an unqualified audit opinion on College returns", and "the College has adequate and effective arrangements for risk management, control, and governance". In addition, the Recommendations summary was supported by detailed reports, and a number of actions and recommendations had been closed off from previous year. Paper 4 was **APPROVED** by the Board.	
7.2	**Review of Governance Manual** Clerk presented Paper 5, which outlined proposed changes to Governing Documents to allow for the addition of Trade Union Membership of the Board. Board Member identified some minor issues around consistency of nomenclature which would seem sensible to address at this opportunity. Subject to these changes being made, Board **APPROVED** Paper 5.	
8	**Balanced Scorecard** Depute Principal presented Paper 7, noting that lead authors had attended Strategic Development Committee to present an update on progress against KPIs. Depute Principal noted that the overall Strategy was sound but the restructure may result in changes to targets within KPIs over time. Chair queried when Actuals for 2022/23 would be completed and	

	populated into the Balanced Scorecard. Depute Principal advised that this was to be discussed at CMT, however expectation were that these will be concluded soon. Board Member requested that, where relevant, 2023/24 actual could also be incorporated given that it is half-way through the Academic Year. Vice Principal (Academic) advised that some KPIs would not have the required data due to ASOS. Board Member queried whether there would be a change to KPIs or targets arising from the restructure. Depute Principal noted that either or both were possible. Board Member stressed that there was no need to change KPIs as these are the Board's way of monitoring progress; in effect the Strategy remains the same but operational plans may change. Board Member noted that there would be an expectation that changes to the Strategy would not be enacted without being brought before the Board. Principal noted that, if a single entity was taken forward, this would be radical enough to change the Strategy. Depute Principal reassured Board that there was no intention to challenge the priority given to the Board, and that any proposed changes to annual targets, etc would be brought before the Board. Chair requested that it would be useful for the Board to receive a summary of key challenges in achieving KPIs at the next Board meeting. This approach was agreed. Board **NOTED** Paper 7.	Depute Principal
9.	**Standing Committee Summaries** Board received summaries from the Chairs of each Standing Committee and **NOTED** the following minutes: • Chairs Committee – 07 November 2023 • Learner Experience Committee – 15 November 2023 • Strategic Development Committee – 23 November 2023 • AST Board – 29 November 2023 • Finance and Resources Committee – 07 December 2023 • Audit Committee – 07 December 2023	
10.	**Development Trust** Chair requested that Development Trust be included in an Action Log.	

	Vice Principal (External) advised that the Finance Team were finalising the Development Trust accounts for the end of the month, following which the winding up process would be taken forward with a view to the process being concluded early in 2024.	
11.	**Date & Time of Next Meeting** • Thursday 27 March 2024 at 5:00pm As the Board was unable to approve the Financial Statements and Audited Accounts, an Extraordinary Board meeting would require to be held early in 2024. Clerk to organise.	Clerk
12.	**Review of Meeting** Board confirmed that the meeting had been conducted in line with the Terms of Reference. Chair formally thanked Andrew Comrie for his time and commitment to the Board, as this was his last Board meeting prior to relocation to Australia.	

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 ☑**