

Finance & Resources Committee

Minutes

Meeting reference: F&R2023-24/03

Date: Thursday 07 March 2024

Location: Boardroom (Braham Room 019)

Members present: Michael Buchanan, Chair, Finance & Resources Committee
Graham Watson, Chair, Board of Management
Jenni Harrison, Board Member
Margaret Cook, Principal

In attendance: Derek Waugh, Member of Audit Committee (to Item 2)
Lorenz Cairns, Depute Principal
Lynn Murray, Vice Principal (Operations)
Catherine Etri, Vice Principal (Academic)
Veronica Lynch, Vice Principal (External)
Iain Wishart, Vice Principal (Operations)
Katy Lees, Head of HR and Organisational Development
Gavin Whigham, Head of Estates
Ian McCartney, Clerk to the Board

Apologies: John Dare, Staff Board Member
Rebecca Bond, Student Board Member

Chair: **Michael Buchanan**

Minute Taker: Ian McCartney

Quorum: 4

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MINUTES

Item		Action
1.	<p>Welcome and Apologies</p> <p>Chair welcomed everyone to the meeting and noted apologies.</p>	
2.	<p>Joint Meeting of Strategic Development and Finance & Resources Committees</p>	
2.1	<p>Financial Outlook</p> <p>Vice Principal (Operations) presented Paper 1 noting that Part 1 looks at UHI Perth only, not the Group (which includes AST), which shows that bottom-line income is relatively fixed at around £17.5m. On the expenditure side, Staff Costs show that the most-recent effects of VS doesn't crystallise until 2024/25, therefore there is nothing materially different from previous projection. Non-Staff Costs will likewise be similar to forecast, which in turn was close to last year's actuals.</p> <p>Chair queried the impact on staff being reduced in line with student numbers. Vice Principal (Operations) advised that there would be a time lag of approx. 2 years from clawback to a reduction in part-time staff costs.</p> <p>Vice Principal (Operations) referred to 2024/25 projections, noting that Government funding allocated via SFC had been reduced by £100m, roughly evenly split between HE and FE. Should plan be to remove the increased HE student number allocations arising from COVID, this would not impact as heavily on UHI Perth as other institutions, and the 8.6% cut in FE funding may be subject to some negotiation.</p> <p>Chair BOM queried whether there would be capacity or funding to deal with the potential for increased or returning numbers. Principal noted that this would depend which areas an upturn in numbers happened, however funding from UHI should be durable and capacity does exist.</p> <p>Vice Principal (Operations) noted that the increased or returned funding was as yet unconfirmed, and may have an impact on the size of savings required at UHI Perth. Vice Principal (Operations) confirmed that the forecast for 2024/25 should crystallise within the next few weeks, once forecast student numbers are known, due to the relative predictability of other income and costs.</p> <p>Chair BOM queried whether UHI Perth was doing all it could with regards to articulation from FE to HE. Vice Principal (Academic) advised that the Marketing team had been working very hard at getting the message out there, and noted that UHI Perth's withdrawal rate had dropped for the third year in a row, and is</p>	

	<p>below the Sector norm.</p> <p>Depute Principal (Operations) advised that, due to capacity issues within the Finance Department, impacted by the work being carried out around the workstreams, there is a risk that the June Board meeting will be too early to have full Budgets prepared.</p>	
<p>2.2</p>	<p>UHI Transformation Operating Model</p> <p>Chair SDC noted that this Item was an open discussion around Paper 2, while noting that some points may have previously been discussed or noted within the meeting.</p> <p>Chair queried the viability of a 31st May deadline for the Outline Business Case given the work still to do, and wondered what would happen if this deadline is not met. Principal noted that the deadline was set by the UHI Chairs & Principal's Group. Chair BOM advised that the credibility of UHI is at stake if no significant progress is made by the deadline and may be problematic for some Academic Partners as SFC may not be able to provide support without comprehensive financial plans.</p> <p>Board Member noted that adding to the scope of the project when there are constraints on time and resources seemed counter-productive.</p> <p>Board Member expressed concern that such a small team had been brought together at short notice given the scope of the activities listed, which may cast doubt on them having enough time to deliver within the timescales. Principal advised that, while the Project Management office has had greater resources committed to it, the project had failed to recruit a communications person; further clarity was being sought in this matter.</p> <p>Chair expressed intrigue at the EO "service catalogue", and queried whether this was movement towards a Service Level Agreement. Principal note that there was no intent to allocate costs to items within the catalogue.</p> <p>Chair SDC summarised that Paper 2 presented an interesting document, however the impact of the model on Academic Partners is not particularly clear, and it would appear that decisions are being made at the centre without significant input from local delivery areas. Chair BOM noted the problem that there is no decision-making structure, which needs to be sorted before anything can be taken to SFC, and UHI Perth needs to have the loudest voice in that process.</p> <p>Chair SDC expressed formal thanks to departing Vice Principal (Operations) for advice provided over the last few years.</p>	

3.	<p>Additions to the Agenda</p> <p>None.</p>	
4.	<p>Declaration of Conflict of Interest in any Agenda Item</p> <p>No conflicts were declared.</p>	
5.	<p>Minutes of Meeting of Finance & Resources Committee, 07 December 2023</p> <p>The minutes were approved as a true and accurate record of the meeting.</p>	
6.	<p>Matters Arising from previous minutes</p> <p>Clerk advised of an error in the minutes (Item 6.1) referring to a £200k loan, which should have read £2m loan. This error has been noted and will be amended in the published minutes.</p> <p>Vice Principal (Operations) provided an update around the Annual Accounts (Items 13 & 14), advising that the publication of the External Audit Report and the Group Accounts had been further delayed by an announcement of an Audit Scotland investigation into pension assumptions across all public sector organisations. Should UHI Perth not come under the auspices of this review then accounts should be ready shortly, otherwise a delay is inevitable. As yet, no timetable has been provided by Audit Scotland.</p> <p>Chair queried whether the issues around valuation and surplus land and letter of comfort had been concluded. Vice Principal (Operations) confirmed that both had been concluded, and that UHI Perth would be able to proceed with signing once authorisation to proceed was given. Chair BOM noted that the letter of comfort received from SFC focused on cashflow should the drawdown of the ongoing pay offer crystallise, rather than the Going Concern issue that the auditors were happy to sign off on.</p> <p>Following a brief discussion around how best to escalate concerns over UHI Perth note being in a position to present Audited Accounts to Scottish Parliament by the March 31st deadline, Chair offered to work with Chairs of Board and Audit to agree on appropriate text. Principal advised that the matter also involves UHI as Regional Strategic Board. Depute Principal (Operations) and Vice Principal (Operations) to provide supporting context to assist Chairs in taking this matter forward.</p>	<p>DP & VP (Operations)</p> <p>Chairs F&R/ Audit/Board</p>
7.1	<p>Perth College Financial Update: Year to 31 January 2024</p> <p>Vice Principal (Operations) presented Paper 4 noting that timing factors have skewed the position around tuition fee income,</p>	

	<p>however projections remain similar to forecast, albeit with a better cash positions than expected at current time.</p> <p>Vice Principal (Operations) further noted AST issues, Residences lower income than previous year, and ASW profit increases due to a combination of increase in prices and ongoing issues at LivActive. Nursery loss is lower than previous year despite reduced numbers and is now looking at a breakeven position next year.</p> <p>Chair queried when LivActive is likely to be fully back up and running, and what impact this would have on ASW. Principal advised that Bells looked unlikely to reopen in the short-term, however services were being moved to Dewars. Vice Principal (External) reported that feedback from LivActive members that transferred to ASW are enjoying ASW facilities and may stay.</p> <p>Chair BOM queried the presentation of Business Development within the reports and associated staff cost allocations. Vice Principal (Operations) advised that Business Development will be dropping off the report as income will in future be spread across Academic areas, and these figures need to reflect bottom line inclusive of Business Development.</p> <p>Chair BOM reported that a number of outstanding invoices due to AST had now been settled, although a the loss of a related major contract would have an impact. AST Board are focused on managing AST back to a profitable position, and AST management have been tasked with developing a plan to deliver greater returns on certain modes of income.</p>	
8.1	<p>Estates Update</p> <p>Committee noted Paper 5.</p> <p>Chair queried on progress on the Environmental Sustainability Report. Head of Estates noted this would be presented at the next F&R meeting.</p> <p>Chair requested that some qualitative feedback be provided on the impact of direct employment of maintenance staff at a future meeting.</p>	<p>Head of Estates</p> <p>Head of Estates</p>
9	Human Resources	
9.1	<p>Disability Action Plan</p> <p>Vice Principal (External) presented and summarised Paper 6, noting the staff survey conducted as a basis for the recommendations put forward, and highlighting the report's key areas of disclosure, safety, awareness and campus accessibility.</p>	

	<p>Board Member queried whether there was a centralised budget for reasonable adjustments. Vice Principal (External) advised that currently expenditure was funded from each department, however it is proposed for the future to create a central budget that departments can call upon which could then be allocated back to each department, which should close a timing and provision look.</p> <p>Board sought clarification over proposed timings, suggesting that 2026 may allow time for the Action Plan to be implemented. Head of HR noted that planned dates linked to Mainstreaming Report as Plan would provide key evidence, however this is likely to be late 2025.</p> <p>Paper 6 was NOTED, with the associated Action Plan Recommendations ENDORSED.</p>	
<p>9.2</p>	<p>HR & Payroll System</p> <p>Head of HR introduced Paper 7 and provided background to the current position.</p> <p>Head of HR noted that specifications had been agreed with Academic Partners, and that UHI Perth would be the lead Partner on the project.</p> <p>Head of HR advised that, as of today, a 7% increase on figures had been provided for installation and implementation costs, which had been estimated in the Paper as 20-30%.</p> <p>Head of HR concluded that UHI Perth’s Auditors had recommended installing the new system.</p> <p>Chair BOM queried how long the new system would take to implement. Head of HR noted that, while the Paper lists 12 months for installation, UHI Perth’s contract for the current system is due for renewal in November 2024, so a speedy installation would avoid requiring to extend the current contract.</p> <p>Principal noted that this project is in effect being used as a blueprint for other services across the Partnership over the next few years. Chair BOM further noted that it would be useful for the Board to receive a “lessons learned” piece on the project given this context.</p> <p>Board Member queried whether the review had included exploring an outsourced solution. Head of HR advised that the APUC framework does not currently allow for an outsourced option for HR and payroll.</p> <p>Committee ENDORSED Paper 7, which would be passed to Board of Management for final approval.</p>	

9.3	HR Update Committee noted Paper 8.	
10.	Committee Meetings No Committee Minutes were presented for noting.	
11.	Date & Time of Next Meeting <ul style="list-style-type: none"> • Thursday 16 May 2024 	
12.	Review of Meeting Committee confirmed that the meeting had been conducted in line with its Terms of Reference. Chair expressed formal thanks to departing Vice Principal (Operations) for advice provided over the last few years.	

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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 2018? **Yes** **No**