

## Board of Management

### Agenda

**Meeting reference:** Board 2018-19/02

**Date:** Wednesday 12 December 2018 at 5.30pm

**Location:** Room 019 – Brahan Building

**Purpose:** Scheduled meeting

\* Denotes items for discussion.

Members should contact the Secretary in advance of the meeting if they wish to request an item be starred.

	Agenda Items	Author	Led by	Paper
1	Welcome and Apologies		Chair	
2	Additions to the Agenda		Chair	
3	Declaration of a Conflict of Interest in any Agenda Item		Chair	
*4	Minutes of the meeting held on Wednesday 10 October 2018	Secretary	Chair	Paper 1
*5	Actions arising from previous minutes		Chair	Verbal
*6	Evaluative Report and Enhancement Plan  Barbara Nelson, the College's HMle will be in attendance			
*7	HISA Perth College Update	Student President	Student President	Paper 2
*8	Audit Committee Annual Report 2017-18 to the Board of Management	Secretary	Chair of Audit Committee	Paper 3
*9	Draft External Audit Annual Report 2017-18	EY	Chair Audit Committee	Paper 4
*10	Draft Financial Statements for the year to 31 July 2018	Head of Finance	Chair F&GP Committee	Paper 5
*11	Chair's Report including UHI Assembly Meeting Update		Chair	Verbal
*12	Principal's Report	Principal	Principal	Paper 6
*13	Residences Option Appraisal		Principal	Paper 7

14	<b>Policies and Procedures</b>			
*14.1	Learner Support Policy	UHI Policy Group	Principal	Paper 8
*14.2	Intellectual Property Policy	UHI Policy Group	Principal	Paper 9
*15	Regional Outcome Agreement – a discussion		Principal	Verbal
16	UHI Quarterly Status Report		Secretary	Paper 10
17	<b>Minutes of Board Standing Committees</b> (approved by Committee Chair but unconfirmed by full Committee at this stage)  For the Board of Management to note.			
17.1	Engagement Committee – 8 November 2018	Secretary	Chair - Engagement	Paper 11
17.2	Chairs' Committee – 14 November 2018	Secretary	Chair – Chairs'	Paper 12 <b>Closed</b>
17.3	AST Board – 20 November 2018	Secretary	Chair – AST Board	Paper 13 <b>Closed</b>
17.4	Academic Affairs – 21 November 2018	Secretary	Chair – Academic Affairs	Paper 14
17.5	Finance and General Purposes Committee – 28 November 2018	Secretary	Chair – F&GCP	Paper 15
17.6	Audit Committee – 28 November 2018  - Health and Safety Committee		Chair - Audit	Paper 16
18	Date of next meeting – 20 March 2019			
19	Review of meeting		Chair	

# Board of Management

Paper 1

## Draft Minutes

**Meeting reference:** Board 2018-19/01  
**Date and time:** Wednesday 10 October 2018 at 5.30pm  
**Location:** Room 019

**Members present:** Andrew Comrie, Margaret Cook, Brian Crichton, Jim Crooks, John Dare, Declan Gaughan, Harold Gillespie, Sharon Hammell, Prince Honeysett, Deborah Hutchison, Ann Irvine, Craig Ritchie, Charlie Shentall

**Apologies:** David Littlejohn, Lynn Oswald, Anna Zvarikova, Michelangelo Philippides, Jackie Mackenzie

**In attendance:** Lorenz Cairns, Interim Depute Principal (Academic)  
Veronica Lynch, Vice Principal (External)  
Maureen Masson, Secretary to the Board of Management

**Chair:** Brian Crichton  
**Minute Taker:** Maureen Masson  
**Quorum:** 6

Ref	Action	Responsibility	Time Line
<b>Summary of ongoing Action Items for next Board meeting arising from previous meetings</b>			
6.	<b>Fair use Wi-Fi policy</b> – report back when review of UHI policy and other work is complete.	COO	When work complete
8.	<b>ASTET Review Group</b> – check with former Chair as to whether this action was undertaken	Chair	ASAP
8.	<b>HISA Perth College</b> – prepare an action plan on student engagement priorities for the next Engagement Committee meeting	HISA President	18 October 2018
7.	<b>Evaluation Report and Enhancement Plan</b> Invite the College's HMle to the December meeting	Secretary	ASAP
14.	<b>Balanced Scorecard</b> - provide an update at the next meeting	COO	For next meeting

Ref	Action	Responsibility	Time Line
<b>Summary of ongoing Action Items for next Board meeting arising from this meeting</b>			
8	<b>UHI Assembly Meeting Update</b> Keep Board informed of developments	Chair	Next Board meeting
10	<b>Relocation of Pathways (Closed item)</b> Develop a communication plan	Interim Depute Principal (Academic)	ASAP

Ref	Action	Responsibility	Time Line
14.2	<b>Health and Safety Policy 2018</b> Invite the Health and Safety Adviser to the next Audit Committee meeting	Secretary	ASAP
15.2	<b>Chairs' Committee</b> Discuss the format/frequency of Chairs' meetings	Chair/Secretary	Meeting on 14 November 2018

## Minutes

Item	Action
<p><b>1 Welcome and Apologies</b></p> <p>The Chair welcomed Andrew Comrie, Craig Ritchie and Declan Gaughan to their first Board of Management meeting. Apologies were noted.</p>	
<p><b>2 Additions to the Agenda</b></p> <p>There were two additions to the Agenda.</p> <p>The Board Secretary had circulated the UHI quarterly status report from the recent Court meeting. This would be added to the agenda for each Board meeting going forward as requested by UHI. The Board noted the Report.</p> <p>The Chair notified he would raise an item regarding Chairs' Committee under item 15.2.</p>	
<p><b>3 Declaration of Interest in any Agenda Item</b></p> <p>There were no declarations of a conflict of interest in any agenda item.</p>	
<p><b>*4 Minutes of Meeting held on Wednesday 13 June 2018</b></p> <p>The minutes were approved as accurate record subject to the correction of a typographical error on page 6.</p>	
<p><b>5 Matters Arising From previous Board meetings</b></p> <p><b>6. Fair use Wi-Fi policy</b> – report back when review of UHI policy and other work is complete.</p> <p><b>Action Update:</b> No further update at the present time. An update will be provided when available.</p>	COO

**8. ASTET Review Group** – write to the Review Group

**Action Update:** The Chair reported that he would check with the former Chair to see if this action was complete

Chair

**8. HISA Perth College** – prepare a paper on a possible presentation for the Engagement Committee in the Autumn

Action Update: prepare an action plan on student engagement priorities for the next Engagement Committee meeting

HISA Perth  
College  
President

**Actions from June 2018 meeting**

**7. HMle** - College HMle to be invited to the October Board meeting

**Action Update:** The College HMle would be invited to the December 2018 meeting instead.

Secretary

**10. Development Trust** – complete a strategic overview of development activity

**Action Update:** On the agenda for the meeting.

**14. Balanced Scorecard-** New framework to be finalised

**Action Update:** An update on progress would be provided at the next meeting

COO

**16.2 Organisational Change Procedure** –Finalise subject to some amendments

**Action Update:** Action complete

**17. Remit and membership of Academic Affairs** - Finalise the membership to ensure the quorum requires attendance of a Board Member

**Action Update:** Action Complete

**18. Investors in People (IIP)** – ensure appropriate messaging around the decision not to seek IIP re-accreditation and use the budget for staff activity

**Action Update:** Action Complete

**21. Schedule of meetings** - Finalise outstanding dates to complete the schedule

**Action Update:** Action Complete

**\*6 Evaluative Report and Enhancement Plan (EREP) (Closed)**

The Interim Depute Principal (Academic) introduced the Enhancement Plan Summary 2017-18 and the Evaluative Report and Enhancement Plan 2019-21 and explained the background and approach taken to preparing the final drafts. The reports and gradings had been agreed at a pre-endorsement meeting held with the College's Senior Management Team and the College's HMle and Outcome Agreement Manager and the Reports were now presented to the Board for approval.

The Board discussed the reports and commended the EREP 2019-2020. The Board discussed whether some of the individual gradings should be higher but, on balance, agreed that the gradings were fair and that report was positive and provided a platform for improvement during a time of change for the College. The Board noted particular areas of strength and challenges that faced the College. The Board particularly commented on the challenges that a diverse student body brought in terms of their support requirements and the funding that was needed for supporting students through their studies. The Board was also keen to recognise that the College's measure for learner satisfaction against a Scottish average was very high and that was a positive outcome.

A paper was tabled on project governance which outlined the approach to managing and overseeing the delivery of the three year Plan and the Board welcomed the approach. The Chair emphasised that delivery of the Plan was crucial and must be properly resourced. The proposed approach would ensure that the methodology would be transparent to all involved in delivering the plan. The Planning and Project Manager was thanked for his work on developing the governance approach.

After discussion, the Board approved both Reports and the summary gradings. The Board noted that some final editing was required and figures added which were not available at the time the Reports were circulated. A list of acronyms would be developed to sit alongside the report.

The Principal thanked the Interim Depute Principal (Academic) for leading the work and the Board also wished to record its thanks. The Board noted that the College's HMle would attend the next meeting of the Board meeting on 12 December 2018.

**\*7 AST Business Plan**

The Board noted that a part-time Interim General Manager had been appointed and that he would be involved in developing the Business Plan. However, his immediate priority was dealing with 'Business

As Usual' matters, contracts and existing systems and processes.

**\*8 UHI Assembly Meeting Update**

The Chair reported on the discussions that were held at the first Assembly meeting on 23 September. The Chair, Principal and staff representatives had attended. Those attending had been split into groups to consider the key challenges and areas of success and discussion followed in a plenary. Proposals for a Programme Board were also discussed and it was agreed that further refinement of the initial proposal was needed. Subsequent to the Assembly meeting the Chair of Court had come forward with a new proposal on the purpose, working principles and membership on the Board.

The Chair tabled a paper which provided a summary of the working principles of the Programme Board, the likely key themes and the possible composition to provide for the best representation across the partners. The Chair of Perth College would join the Programme Board and it was likely that it would meet before the end of October.

The Board discussed the approach now proposed, the purpose of the Programme Board and its stakeholders, some of the legal and structural aspects in the governance model and the culture and behaviours which were seen to be key areas to address going forward. There was broad agreement that culture change was needed in delivery of a successful organisation in the future.

The Chair would keep the Board informed of developments.

Chair

**\*9 Development Trust Revised Structure**

The Vice Principal (External) introduced the paper which set out a new structure for the Development Trust. The Board noted that it had been endorsed by the Engagement Committee. Following discussion about some aspects of the funding model the Board approved the revised structure.

**10 Relocation of Pathways (Closed)**

The Interim Depute Principal (Academic) introduced the paper which set out the case for and against a proposed relocation of activities based in 'Pathways' in South Street, to the main College campus. The Board noted that F&GPC had endorsed the relocation following consideration of the merits and demerits. The Board discussed the proposal and the demographics of the user base. The College had capacity to accommodate the relocation of classes to a more fit-for-purpose environment. The Board noted that the Principal had met staff working in Pathways, prior to the Board meeting, to explain the potential outcome.

The Board approved the proposal to relocate Pathways but

recommended that a communication plan be developed to manage the public relations aspects and to aid users with signposting of classes and activity when the transition is made.

Interim  
Depute  
Principal  
(Academic)

The Board discussed the College's other learning centres in the light of various factors that separately impacted them. The Board agreed that there should be a review of these including potential models for partnership. This further aspect should also form part of a co-ordinated communication plan.

**\*11 HISA Perth College Update**

The Board noted the report prepared by the Student President. The President reported that HISA was currently deciding which Student Representatives should sit on the Assembly Programme Board.

**\*12 Chair's Report**

The Chair reported on the following:

- A further round of Board recruitment was planned to fill the vacancy for one further Independent Member;
- A meeting of FERB had been held on 12 September. Rurality funding and the criteria for its allocation was discussed and it was noted that Perth College and Inverness College did not agree with the framework;
- Work that Ayr College had undertaken to support students was discussed and it was noted that this was similar to the College's BRAG system;
- An HE FERB equivalent was being considered and will be part of the Programme Board discussions; and
- The Chair and Principal had attended the recent Employers Association meeting and the Principal would again represent the College sector on the negotiating team.

**\*13 Principal's Report**

The Board noted the Principal's Report.

The guest speaker at graduation had been favourably received and he and the Principal had spoken following graduation with a view to exploring wider engagement activities.

The Board noted that the Deputy First Minister had been in College earlier in the day to promote a new initiative to support vulnerable students following the launch of a national campaign. SMT would ensure appropriate roll out across College.

The Support Staff Member commented positively on the communications and messaging around the One Stop Shop



following the last meeting.

**\*14 Policies and Procedures**

**14.1 Fee Waiver Policy & Student Support Funds Policy**

The Board approved the Fee Waiver Policy and the Student Support Funds Policy that were developed as part of the single policy framework, noting it had been recommended for approval by F&GPC. The Board noted that other policies would come forward for approval and that each individual policy developed would have to be separately approved by College Boards.

**14.2 Health and Safety Policy 2018**

The Board approved the Health and Safety Policy 2018. There was discussion about the mechanism for Board engagement with health and safety matters. It was agreed that the Health and Safety Adviser would attend the next Audit Committee to present on health and safety. The Chair of the Board and Audit Committee Chair would also revisit a possible mechanism which would remove duplication but also ensure proper consideration of health and safety matters at Board level.

Secretary

**15 Minutes of Standing Committees (unconfirmed)**

**15.1 Engagement Committee – 30 August 2018**

Noted. A paper on student engagement would be provided at the next Engagement Committee meeting.

**15.2 Chairs Committee – 3 September 2018**

Noted. The Chair indicated he would like to discuss and evaluate the format/content of agendas at the next Chairs' meeting so as to eliminate duplication.

Chair

**15.3 AST Board – 11 September 2018 (CLOSED)**

Noted. The Chair raised the governance concerns that had been noted at Board sub committees related to the award of a contract. The Board noted a risk about this matter had been added to the College's Risk Register and would be carefully monitored going forward.

**15.4 Audit Committee – 18 September 2018**

Noted.

**15.5 Finance and General Purposes Committee Board – 25 September 2018**

Noted.

**16 Date of Next Meeting**

12 December 2018

\*17 **Review of Meeting**

Members agreed the meeting covered Board business.

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 ☒ ☐ but items 6 and 10 to remain closed

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 1988. 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 1988?      No ☒ ☐

## Paper 2

**Date of meeting:** 12 December 2018

(Tick as appropriate) For information only:  
For discussion: ✓  
For recommendation/approval:

(Tick as appropriate)    Yes:            No: ☒

The paper provides an update on the work of the Student Association.

Information recorded in College minutes and papers is 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.

**Status of Papers**    Open ☒                      Closed

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 and papers about living individuals, under the terms of the Data Protection Act 1988.

Do the papers contain items which may be contentious under the terms of the Data Protection Act 1988?      **Yes** ☐      **No** ☒

## **Student Mental Health Agreement**

Student Mental Health Agreements (SMHA) are an initiative led by Think Positive, NUS Scotland's student mental health project. They are frameworks for universities and colleges to build strong support for students around mental health and to ensure that anyone experiencing mental ill-health can feel that they can continue in their studies without facing stigma or discrimination. SMHA bring students' associations and their institutions together in a formal agreement to work jointly on mental health issues on campus.

I recently had my first meeting as part of the Health and Wellbeing Group on 23<sup>rd</sup> November where it was discussed that HISA Perth and the Perth College Student Support team would liaise to create a new Student Mental Health Agreement

## **College/University Visit**

Myself along with William Mohieddeen, our Student Association Coordinator visited the Borders College and Dundee University to find out more about how their students representation system works in regards to Lead Reps. At HISA Perth we are looking into changing our structure to find a way that makes the work flow better for us and our students.

## **Focus Groups**

Feedback groups started on 3<sup>rd</sup> December. These will be happening weekly and shall be facilitated by the HISA Perth Executive team. The information gathered will be typed up into reports and presented at the first Student Engagement Group meeting.

## **SRC**

Our second Student Representative Council Meeting takes place on 6<sup>th</sup> December. The topics of discussion at this meeting are Student Drop Out and Finances.

## Paper for Consideration

**Subject:** Audit Committee Annual Report 2017-2018 to the Board of Management

**Author:** Maureen Masson, Secretary to the Board

**Date of paper:** 4 December 2018

**Date of meeting:** 12 December 2018

**Action requested of committee:**

(Tick as appropriate) For information only:

For discussion:

**For recommendation/approval:** ☒

**Strategic area(s):** All

**Cost implications:**

(Tick as appropriate) Yes: ☐ No: ☒

## Executive Summary:

Under the College's current Financial Memorandum, the Audit Committee is required to produce an annual report to the Board of Management, primarily to provide an assessment of the adequacy and effectiveness of the College's system of internal control.

The Audit Committee considered and approved the report to the Board of Management at its meeting on 28 November 2018.

---

Information recorded in College minutes and papers 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.

**Status of Papers**      **Open** ☒      **Closed** ☐

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 and papers about living individuals, under the terms of the Data Protection Act 1988.

Do the papers contain items which may be contentious under the terms of the Data Protection Act 1988?      **Yes** ☐      **No** ☒

# **Draft Audit Committee Annual Report to the Board of Management Academic Session 2017-18**

## **1 Introduction**

The Funding Council's mandatory requirements require the Audit Committee to produce a report to the Board of Management primarily to provide an assessment of the adequacy and effectiveness of the College's system of internal control.

The Smith Guidance to Audit Committees also suggests that this annual report should focus on internal financial control and be provided to the Board prior to the signing of the financial statements and the Board's statement of responsibilities in particular.

This report covers the accounting period of 12 months to 31 July 2018.

The terms of reference of the Audit Committee are attached for information at **Appendix 1**. During the period under review the Committee met on 4 occasions: 20 September 2017, 29 November 2017, 27 February 2018 and 22 May 2018. Details of the membership of the Committee during this period are shown at **Appendix 2**.

## **2 Internal Audit**

Henderson Loggie were re-appointed as the College's Internal Auditors in July 2016 for the period 1 August 2016 to 31 July 2020.

An updated Audit Needs Assessment (ANA), based on the areas of risk that the College is exposed to, was prepared as part of the internal audit programme for 2014/15. The ANA, covering the internal audit cycle from 2014/15 to 2016/17, was prepared following discussion with the College's Senior Management Team and a review of previous internal and external audit reports.

An Audit Needs Assessment and Strategic Plan 2016 - 2020 was agreed with the College's Senior Management Team during 2016/17.

The Annual Report of the Internal Auditors for 2017/18 was considered by the Audit Committee at its meeting on 28 November 2018.

In the 2017/18 Annual Report, Henderson Loggie state that:

"In our opinion the College has adequate and effective arrangements for risk management, control and governance. Proper arrangements are in place to promote and secure Value for Money. This opinion has been arrived at taking into consideration the work we have undertaken during 2017/18 and in prior years since our first appointment in 1998/99".

In Section 2 of the Annual Report prepared by Henderson Loggie a summary of the results and conclusions relating to the audit work carried out by them in the following areas is given. Recommendations were made by Henderson Loggie in each of the internal audit reports, as follows:

Number	Title	Recommendations	Priority 1/Grade A	Priority 2/Grade B	Priority 3/Grade C
2018/01	Internal Audit Plan 2017/18	N/A	N/A	N/A	N/A
2018/02	2016/17 Student Activity Data	-	-	-	-
2018/03	Space Management (Business Process Review)	N/A	N/A	N/A	N/A
2018/04	IT Network Arrangements	4	-	1	3
2018/05	Follow Up Reviews	6 of 17 recommendations required further action	-	2	4
2018/06	Equalities Mainstreaming	9	-	-	9

Recommendation grades are defined as follows:

#### **Reports issued from 2015-16 (excluding SUMs)**

**Priority 1** – Issues subjecting the College to material risk and which requires to be brought to the attention of management and the Audit Committee.

**Priority 2** – Issues subjecting the College to significant risk and which should be addressed by management.

**Priority 3** – Matters subjecting the College to minor risk or which, if addressed, will enhance efficiency and effectiveness.

#### **Reports issued prior to 2015-16 (recommendations included in report 2016/04 – Follow-Up Reviews) and SUMs report**

**A** Issues which require the consideration of the Board of Management or one of its committees.

**B** Significant matters that members of the Senior Management Team can resolve.

**C** Less significant matters, which do not require urgent attention but which should be followed up within a reasonable timescale.

The Internal Audit Reports referred to above were reviewed in detail by the Audit Committee and accepted.

### **3 External Audit**

Ernst & Young was appointed by Audit Scotland as the College's external auditors from Academic Year 2017.

A draft external Audit Annual Report 2017/18 was reviewed at the Finance and General Purposes Committee on 28 November 2018 and will be reviewed by the Board of Management at its meeting on 12 December 2018 and by the Auditor General.

The draft Financial Statements including accounting policies, disclosures and the external auditor's opinion for the year ended 31 July 2018 were submitted to the Committee on 28 November 2018 and after full discussion were recommended for approval by the Board at its meeting on 12 December 2018.

The Corporate Governance statement included in the audited Financial Statements for the year ended 31 July 2018 was reviewed along with the Financial Statements.

### **4 Effectiveness of the Audit Committee**

A 'Review of Meeting' item at the end of every agenda was continued by the Audit Committee throughout 2017/18. This was to enable members the opportunity to reflect on and discuss the effectiveness of the meeting. No concerns about the conduct of the meetings have been raised.

The Audit Committee meets formally without the College Management Team present at least once a year. The independent members of the Audit Committee meet formally with the Colleges internal and external audit service at least annually and met with them at the meeting on 29 November 2017.

The Audit Committee undertake a formal evaluation of the internal and external audit service annually.

### **5 Value for Money**

The College works closely with Government forums and APUC and follows the guidelines that have been developed to support the sector in line with best practice.

### **6 Review of the Effectiveness of Internal Control and Risk Management**

The Committee undertook a formal annual review of the effectiveness of internal control and risk management in November 2016. This report is based on guidance produced by the Turnbull Committee and invites the Board to confirm that:

- It is satisfied with the scope, frequency and quality of the reports received during the year.
- It is satisfied with the College's ability to respond to changes in the operating environment.
- It is satisfied with the scope and quality of senior level involvement in monitoring risks.



- It is satisfied with the extent and frequency of reports to the Board.
- It agrees that there had been no significant control failings or weaknesses identified during the year.
- It is satisfied with its public reporting processes.

It is recommended that an informal review of effectiveness is undertaken on an annual basis. An informal review has not yet been undertaken given that a number of new members joined the Board during 2017-18 and that a new Chair was appointed in August 2018. An informal review is, however, planned during 2018-19.

## **7 Other Matters**

The revised and updated College Governance Manual was reviewed and approved by the Audit Committee at its meeting on 15 March 2016. A review is planned in early 2019.

## **8 Opinion and Conclusion**

It is the opinion of the internal auditors, Henderson Loggie CA, accepted and endorsed by the Audit Committee, that the College operates adequate and effective internal control systems as defined in the audit needs assessment and that proper arrangements are in place to promote and secure value for money.

It is the opinion of the external auditors, Ernst & Young, and endorsed by the Audit Committee that the financial statements give a true and fair view and are properly prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and the Accounts Direction made thereunder.

It is the opinion of the Committee that the Board of Management's responsibilities as described in the Responsibilities of the Board of Management Statement included in the financial statements for the year to 31 July 2018 have been satisfactorily discharged.

It is also the opinion of the Committee that compliance with the SFC audit requirements as incorporated in Financial Memorandum have been ensured.

**Audit Committee**  
**28 November 2018**

## **Audit Committee**

### **Membership**

No fewer than 4 members of the Board of Management.

- Board members not eligible for appointment are the Chair of the Board, the Principal, the Chair of the Finance and General Purposes Committee, the persons elected by the teaching staff and the non teaching staff of the College and the persons appointed by the Perth College Students' Association.
- No member of the Finance and General Purposes Committee shall also be a member of the Audit Committee.
- The Chair of the Board, the Principal and the Chair of the Finance and General Purposes Committee shall be invited to attend meetings.
- The Committee may sit privately without any non-members present for all or part of a meeting if they so decide.
- The College Executive will attend meetings at the invitation of the Committee Chair and provide information for Agenda items

### **In attendance**

Chief Operating Officer  
Depute Principal (Academic)

### **Quorum**

The Quorum shall be 3 members.

### **Frequency of Meetings**

The Committee shall meet no less than three times per year.

### **Objectives**

The Audit Committee's main responsibilities include advising the Board on whether:

- There are systems in place to ensure that the College's activities are managed in accordance with legislation and regulations governing the sector.
- A system of governance, internal control and risk management has been established and is being maintained, which provides reasonable assurance of effective and efficient operations and produces reliable financial information.
- There are systems in place to ensure the Committee engages with financial reporting issues

### **Terms of Reference**

## **Internal Control**

1. Reviewing and advising the Board of Management of the internal and the external auditor's assessment of the effectiveness of the college's financial and other internal control systems, including controls specifically to prevent or detect fraud or other irregularities as well as those for securing economy, efficiency and effectiveness; and
2. Reviewing and advising the Board of Management on its compliance with corporate governance requirements and good practice guidance including a strategic overview of risk management.
3. Strategic oversight of Health and Safety, Freedom of Information and Data Protection on behalf of the Board.

## **Internal Audit**

1. Advising the Board of Management on the selection, appointment or reappointment and remuneration, or removal of the internal audit provider.
2. Advising the Board of Management on the terms of reference for the internal audit service.
3. Reviewing the scope, efficiency and effectiveness of the work of internal audit, considering the adequacy of the resourcing of internal audit and advising the Board of Management on these matters.
4. Advising the Board of Management of the Audit Committee's approval of the basis for and the results of the internal audit needs assessment and the strategic and operational planning processes.
5. Approving the criteria for grading recommendations in assignment reports as proposed by the internal auditors.
6. Reviewing the internal auditor's monitoring of management action on the implementation of agreed recommendations reported in internal audit assignment reports and internal audit annual reports.
7. Considering salient issues arising from internal audit assignment reports, progress reports, annual reports and management's response thereto and informing the Board of Management thereof.
8. Informing the Board of Management of the Audit Committee's approval of the internal auditor's annual report.
9. Ensuring establishment of appropriate performance measures and indicators to monitor the effectiveness of the internal audit service.
10. Securing and monitoring appropriate liaison and co-ordination between internal and external audit.

11. Ensuring good communication between the Committee and the internal auditors.
12. Responding appropriately to notification of fraud or other improprieties received from the internal auditors or other persons.
13. Reviewing the Risk Management Register.

### **External Audit**

The appointment of external auditors to the College is directed by Audit Scotland.

1. Considering the college's annual financial statements and the external auditor's report prior to submission to the Board of Management by the Finance Committee. Care should be taken, however, to avoid undertaking work that properly belongs to the Finance and General Purposes Committee. If within its terms of reference, the Committee should consider the external audit opinion, the Statement of Members' Responsibilities and any relevant issue raised in the external auditor's management letter.
2. Reviewing the external auditor's annual Management Letter and monitoring management action on the implementation of the agreed recommendations contained therein.
3. Advising the Board of Management of salient issues arising from the external auditor's management letter and any other external audit reports, and of management's response thereto.
4. Reviewing the statement of corporate governance.
5. Establishing appropriate performance measures and indicators to monitor the effectiveness of the external audit provision.
6. Reviewing the external audit strategy and plan.
7. Holding discussions with external auditors and ensuring their attendance at Audit Committee and Board of Management meetings as required.
8. Considering the objectives and scope of any non-statutory audit work undertaken or to be undertaken, by the external auditor's firm and advising the Board of Management of any potential conflict of interest.
9. Securing appropriate liaison and co-ordination between external and internal audit.

### **Value for Money**

1. Establishing and overseeing a review process for evaluating the effectiveness of the college's arrangements for securing the economical, efficient and effective management of the college's resources and the promotion of best practice and protocols, and reporting to the Board of Management thereon.

2. Advising the Board of Management on potential topics for inclusion in a programme of value for money reviews and providing a view on the party most appropriate to undertake individual assignments considering the required expertise and experience.
3. Advising the Board of Management of action that it may wish to consider in the light of national value for money studies in the further education sector.

### **Advice to the Board of Management**

1. ***Reviewing the college's compliance with the Code of Audit Practice and advising the Board of Management on this.***
2. ***Producing an annual report for the Board of Management.***
3. ***Advising the Board of Management of significant, relevant reports from the Scottish Funding Council and National Audit Office and successor bodies and, where appropriate, management's response thereto.***
4. ***Reviewing reported cases of impropriety to establish whether they have been appropriately handled.***

Version 1 - Approved by BOM 13 December 2013

Version 2 – Approved by Audit Committee and BOM December 2015, updated September 2018 to reflect changes to Senior Management titles

**Membership of the Audit Committee during the period 1 August 2017 – 31 July 2018**

Ian Jackson – until 31 October 2017

Lindsey McLeod (formerly Farquharson) to 31 July 2018

Lorna Nicoll – resigned from the Board and Audit Committee on 22 February 2018

Brian Crichton – acting Chair for meeting on 20 September 2017 then assumed role of Chair for the remaining meetings in 2017-18

Ann Irvine

Lynn Oswald – from December 2017

Anna Zvarikova – from December 2017

## PERTH COLLEGE

### Audit Committee

#### Annual Assessment of Effectiveness of Internal Control

## 1 Introduction

The Board of Management is required to make a statement on corporate governance in the annual accounts, in accordance with the UK Corporate Governance Code issued by the Financial Reporting Council in September 2012. To support its statement on corporate governance, the Board should undertake an annual assessment of the effectiveness of internal control systems and risk management.

## 2 Review of Reports Received During the Year

During 2017-18, the Audit Committee received the following internal audit reports from Henderson Loggie:

Annual Plan 2017/18
2016/17 Student Activity Data
Space Management (Business Process Review)
IT Network Arrangements
Follow-Up Reviews
Equalities Mainstreaming

All recommendations therein and the College response to them are noted. The College's actions in response to previous Internal Audit report recommendations are monitored by the Audit Committee.

During 2017/18, the Finance and General Purposes Committee and the Board received quarterly reports on income and expenditure against budget. Reports were also provided on assets and liabilities. Variance reporting was used to highlight areas of risk and compensating action was taken.

A Balanced Score Card was used to monitor the implementation of the Strategic Plan to ensure financial and non financial Performance Indicators were monitored at Board level. The Balanced Scorecard was monitored by four committees of the Board:

- Finance Committee and General Purposes Committee had oversight of the Financial and Environmental Sustainability Measures.
- Academic Affairs Committee had oversight of the Student Experience, Curriculum and Research Measures and some Developing our Organisation and Engagement Measures.
- Engagement Committee had oversight of the Engagement Measures and some Developing our Organisation Measures
- The Audit Committee had oversight of the Financial Outturn measures.

**The Board is invited to confirm that it is satisfied with the scope, frequency and quality of the reports received during the year, as set out above.**

### **3 Changes During the Year**

There have again been changes and developments in the external operating environment which were substantive agenda items at the Committee meetings in 2017/18 in addition to oversight of the strategic risk register.

There continues to be ongoing discussions concerning the UHI organisational structure, relationships and processes between UHI EO and Academic Partners.

The College Sector Reclassification/ONS restrictions imposed on the College impacts on the College's ability to control and manage its own business, plan beyond the current year since there is little or no scope to build reserves other than to transfer to ALF which, in turn, leads to restrictions in what these funds can be used for.

The financial memorandum between UHI and the assigned Colleges is in place.

National Pay Bargaining and its implications for the college sector are also recognised as a challenge. By signing the NRPA, each employer is agreeing to voluntarily enter into national bargaining and agreeing to the mechanism through which national agreements can be reached.

The Board is aware that by signing up to national bargaining the College and Board will lose direct control over the staffing costs, a major element of the College cost base. The Board continues to monitor the cost implications closely with Audit Committee and F&GP.

**The Board is invited to confirm that it is satisfied with the College's ability to respond to changes in the operating environment.**

### **4 Scope and Quality of Risk Monitoring**

Members of SMT met quarterly to review the Strategic Risk Register. The reviewed Risk Register was then forwarded to Audit Committee for monitoring and oversight.

In addition to the College Strategic Risk Register, the Audit Committee now periodically reviews the Health & Safety Risk Register and the ICT Risk Register, with the Health & Safety Risk Register being considered separately as part of the normal cycle of business.

Continuing and emerging risks were recognised as:

International and Overseas students, College Sector reclassification/ONS; Student numbers and Support Funding; National pay bargaining; and ongoing discussions with UHI and Academic Partners



The College's actions in response to Strategic Risk Register discussions and actions are monitored by the Audit Committee and Board.

**The Board is invited to confirm that it is satisfied with the scope and quality of management's monitoring of risks.**

## **5 Communication to the Board and its Committees**

### Board Responsibility

*'The Board should consider the extent and frequency of the communication of the results of monitoring to the Board and its Committees, which enables it to build up a cumulative assessment of the state of control in the College and the effectiveness with which risk is being managed'. (Turnbull Guidance)*

### Response

The system of reporting to the Board is covered in the draft Statement of Corporate Governance.

In July 2016 Henderson Loggie were re-appointed for the period from 1 August 2016-31 July 2020. Henderson Loggie carried out an Audit Needs Assessment, based on the College's Strategic Risk Register, following discussion with the College's Senior Management Team and a review of previous internal and external audit reports and the SFC Financial Memorandum.

The Internal Audit Annual Plan for 2017/18 was first discussed by the Audit Committee at its meeting on 20 September 2017 and approved at its meeting on 29 November 2017.

**The Board is invited to confirm that it is satisfied with the extent and frequency of reports to the Board.**

## **6 Control Failings or Weaknesses**

There have been no significant control failings or weaknesses identified during 2017/18.

## **7 Effectiveness of Public Reporting Procedures**

- Perth College UHI is committed to the principles of openness and accountability in all its activities. In response to our obligations under the Freedom of Information Act (Scotland) 2002, the College has adopted and will maintain the Model Publication Scheme for Scotland's Colleges.
- The Board is updated annually on the requests for information received under the Freedom of Information Act (Scotland) 2002 and Data Protection requests.
- The College completes and lodges a number of statutory returns to demonstrate appropriate use of public funds.

- Information about the Board and its members is available on the website, including the Register of Interests.
- Board of Management minutes and papers are published on the website.
- The Perth College Annual Accounts are published on the website. The Annual Accounts for Air Services Training Limited are lodged with Companies House.
- The Annual Report is published on the website. A hard copy is available to anyone who makes a request.

**The Board is invited to confirm that it is satisfied with its public reporting processes.**

# **Perth College Annual Audit Report**

**Year ended 31 July 2018**

12 December 2018

Section	Appointed auditor responsibility	Pages
Executive summary		1-3
Financial statements accounting and audit matters	Provide an opinion on audited bodies' financial statements Review and report on, as appropriate, other information such as performance and accountability reports, including governance statement and remuneration report	4-7 8
Wider scope audit	Demonstrate compliance with the wider public audit scope by reviewing and providing judgements and conclusions on the audited bodies: <ul style="list-style-type: none"> <li>▸ arrangements for securing financial sustainability</li> <li>▸ suitability and effectiveness of corporate governance arrangements</li> </ul>	14-16 17-18
Appendices	Undertake statutory duties, and comply with professional engagement and ethical standards: <ul style="list-style-type: none"> <li>Appendix A: audited bodies' responsibilities</li> <li>Appendix B: independence and audit quality</li> <li>Appendix C: required auditor communications</li> <li>Appendix D: action plan</li> </ul>	20 21-22 23-24 25

## About this report

This report has been prepared in accordance with Terms of Appointment Letter from Audit Scotland dated 31 May 2016 through which the Auditor General for Scotland has appointed us as external auditor of Perth College (the College) for financial years 2016/17 to 2020/21. We undertake our audit in accordance with the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustees Investment (Scotland) Act 2005 and our responsibilities as set out within Audit Scotland's Code of Audit Practice (the Code), issued on 26 May 2016.

This report is for the benefit of the College and is made available to the Auditor General and Audit Scotland (together the Recipients). This report has not been designed to be of benefit to anyone except the Recipients. In preparing this report we have not taken into account the interests, needs or circumstances of anyone apart from the Recipients, even though we may have been aware that others might read this report.

Any party other than the Recipients that obtains access to this report or a copy (under the Freedom of Information Act 2000, the Freedom of Information (Scotland) Act 2002, through a Recipient's Publication Scheme or otherwise) and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, Ernst & Young LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the Recipients.

## Complaints

If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with Stephen Reid who is our partner responsible for services under appointment by Audit Scotland, telephone 0131 777 2839, email sreid2@uk.ey.com. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, or with how your complaint has been handled, you can refer the matter to Diane McGiffen, Audit Scotland, 4th Floor, 102 West Port, Edinburgh, EH3 9DN. Alternatively you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

# **1. Executive Summary**

## Purpose of this report

In accordance with section 21 of the Public Finance and Accountability (Scotland) Act 2000, the Auditor General for Scotland appointed EY as the external auditor of Perth College (the College) for the five year period 2016/17 to 2020/21. We undertake our audit in accordance with the Code of Audit Practice (the Code), issued by Audit Scotland in May 2016; Auditing Standards and guidance issued by the Financial Reporting Council; relevant legislation; and other guidance issued by Audit Scotland.

This Annual Audit Report is designed to summarise our key findings and conclusions from our audit work. It is addressed to both members of the College and the Auditor General for Scotland, and presented to both College management and those charged with governance, identified as being the Board and the College's Audit Committee. After consideration by the College, this report is provided to Audit Scotland and published on their website.

We draw your attention to the fact that our audit was not designed to identify all matters that may be relevant to the College. Our views on internal control and governance arrangements have been based solely on the audit procedures performed in respect of the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

A key objective of our audit reporting is to add value by supporting the improvement of the use of public money. We aim to achieve this through sharing our insights from our audit work, our observations around where the College employs best practice and where processes can be improved. We use these insights to form our audit recommendations to support the College in improving its practices around financial management and control, as well as around key aspects of the wider scope dimensions of audit. These are highlighted throughout the report together with our judgements and conclusions regarding arrangements.

## Scope and responsibilities

The Code sets out the responsibilities of both the College and the auditor. We provided details of these in our Annual Audit Plan, which was presented to the Audit Committee on 22 May 2018. We summarise these responsibilities in Appendix A.

Our Annual Audit Plan set out an overview of our audit scope and approach for the audit of the 2017/18 financial statements. We carried out our audit in accordance with the plan. We applied the materiality levels below to our audit, as outlined in our audit plan and based on our consideration of the key risks and issues facing the College and its financial statements. We reassessed materiality on receipt of the draft financial statements and at the conclusion of our audit work, and concluded the levels identified during our planning work remained appropriate.

- |   |          |
|---|----------|
| ▶ Materiality for our audit - no change to that reported in our Annual Audit Plan         | £440,000 |
| ▶ Tolerable Error is our materiality applied at an individual account balance - no change | £330,000 |
| ▶ Reporting threshold, set in line with the requirements of the Code - no change          | £22,000  |

## Financial statement audit

We are responsible for conducting an audit of the financial statements of the College. We provide an opinion on the financial statements as to whether:

- ▶ they give a true and fair view in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council of the state of affairs of the College and Group as at 31 July 2018 and its deficit for the year then ended;
- ▶ they have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ▶ have been prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder issued by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

We also review and report on other information prepared and published by the College along with its financial statements.

## Wider scope audit

Our responsibilities extend beyond the audit of the financial statements. The Code requires auditors to provide judgements and conclusions on the dimensions of wider scope public audit that are relevant for each body. As outlined in our audit plan, the College qualifies as a “smaller body” in line with Audit Scotland guidance, therefore our wider scope work covers the arrangements in respect of financial sustainability and governance and transparency.

## Key contacts

Stephen Reid, Partner  
sreid2@uk.ey.com

Rob Jones, Senior Manager  
rjones9@uk.ey.com

**Ernst & Young LLP, Atria One, 144 Morrison Street, Edinburgh EH3 8EX**

## Independence

We confirm that we have undertaken client and engagement continuance procedures, included in which is our assessment of our continuing assessment of our independence to act as your external auditor.

## Financial statements audit

We have issued an unqualified audit opinion on the College’s consolidated financial statements. We have concluded satisfactorily in respect of each of the significant risks and audit focus areas identified in our Annual Audit Plan. Completed draft financial statements, including the Performance Report, Accountability Report and Remuneration and Staff Report were received on 14 November, after the onsite audit work. We recognise the College finance team experienced significant turnover in the year, in particular with three heads of finance. This impacted management’s capacity to provide the financial statements in line with the initially agreed timetable. We have agreed with management that for 2018/19 a detailed timetable for the financial statement preparation process will be agreed. We made a number of suggestions to enhance the presentation and readability, and to ensure compliance with disclosure requirements. Management addressed audit comments and all material matters in the finalised version of the financial statements. Management made a number of adjustments following the start of our onsite audit work. We identified no audit differences arising from our audit work.

## Wider scope audit – key messages

We set out below our key messages in respect of the dimensions we consider for the College based on our scope of work outlined in our Annual Audit Plan, along with our overall assessment of each of these in terms of red / amber / green. Our assessment is built on our consideration of the risks facing the College, the extent to which these are mitigated by the College’s processes and controls, and our assessment of management’s process in implementing recommendations from the 2016/17 audit, where appropriate.

<b>Financial sustainability</b>	<ul style="list-style-type: none"> <li>▶ The financial environment in which the College operates continues to be challenging, with significant uncertainty going forward around both key income and expenditure sources, in particular around future increases to staff costs through national bargaining and future SFC funding.</li> <li>▶ Management is sighted on the requirement for savings to be delivered over the next five years and has begun reviewing possible avenues for delivering these, including increasing income through commercial partnerships and funding and reducing costs through review of teaching arrangements and management structure. As the College develops these plans it is important these are quantified in a detailed medium term financial plan which aligns to the FFR and strategic and operational plans.</li> </ul>	<b>Amber</b>
<b>Governance and transparency</b>	<ul style="list-style-type: none"> <li>▶ The College has a number of the key requirements in place for good governance and transparency. The College has committed to transparency in its operations, including sharing information on the College website.</li> <li>▶ Management’s assessment of compliance with the Code of Good Governance noted four areas of non-compliance, which are stated in the governance statement within the financial statements. Full compliance is targeted for March 2019.</li> </ul>	<b>Green</b>

## **2. 2017/18 financial statements audit**



## 2. Summary of 2017/18 audit opinion

The detailed form and content of our audit report, and the requirements underpinning the report, are set out in guidance issued by Audit Scotland. This covers our reporting requirements in accordance with International Standards on Auditing (UK), plus those matters prescribed by the Code.

Element of Audit opinion	Nature of opinion and basis for that
<b>Opinion on financial statements</b>	<b>Unqualified opinion</b>
<ul style="list-style-type: none"> <li>▶ Truth and fairness of the state of affairs of the College and Group at 31 July 2018 and of the deficit for the year then ended</li> <li>▶ Preparation of the financial statements in accordance with the relevant financial reporting framework</li> </ul>	<ul style="list-style-type: none"> <li>▶ Performance of audit procedures to respond to our assessed risk of misstatement, including significant risks</li> <li>▶ Accounting policies are appropriate and estimates are reasonable</li> <li>▶ Completion of financial statement disclosure checklists / consideration of relevant guidance issued by Audit Scotland</li> </ul>
<b>Conclusions relating to the going concern basis of accounting</b>	<b>No matters to report</b>
<ul style="list-style-type: none"> <li>▶ The use of the going concern basis of accounting used in the preparation of the financial statements is not appropriate</li> </ul>	<ul style="list-style-type: none"> <li>▶ Supported by our core financial statements audit work, supplemented by our wider scope audit procedures in respect of financial sustainability</li> </ul>
<b>Other information in the financial statements</b>	<b>No matters to report</b>
<ul style="list-style-type: none"> <li>▶ We are required to consider whether the other information in the financial statements is materially inconsistent with the annual accounts or our knowledge obtained in the audit</li> </ul>	<ul style="list-style-type: none"> <li>▶ Review of committee minutes and papers / discussions with management / understanding of the business</li> </ul>
<b>Opinions on matters prescribed by Audit Scotland</b>	<b>Unqualified opinions</b>
<ul style="list-style-type: none"> <li>▶ The audited part of the Remuneration and Staff Report has been properly prepared in accordance with applicable regulations</li> <li>▶ Information in the Accountability Report / Annual Governance Statement is consistent with the financial statements, and prepared in accordance with the relevant guidance</li> </ul>	<ul style="list-style-type: none"> <li>▶ We agreed the form of the report to the regulations and agreed the disclosures to underlying accounting records and supporting schedules</li> <li>▶ We reviewed the content of the narrative statements to the information known to us in the audit, and against the requirements of the guidance</li> </ul>
<b>Matters on which we are required to report by exception</b>	<b>No matters to report by exception</b>
<ul style="list-style-type: none"> <li>▶ Whether adequate accounting records have been kept</li> <li>▶ Whether financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records</li> <li>▶ Whether we have not received the information we require for our audit</li> </ul>	<ul style="list-style-type: none"> <li>▶ We were provided with all the information we required</li> <li>▶ We have been able to agree information to the accounting records</li> </ul>

The annual financial statements enables the College to demonstrate its accountability for the resources at its disposal, and its overall performance in the application of those resources during the year. They also enable the College to demonstrate openness and transparency in its governance and remuneration arrangements.

### Financial Statement preparation 2017/18

#### Compliance with requirements

As part of our oversight of the College's financial reporting process, we report on our consideration of the quality of working papers and supporting documentation prepared predominantly by the finance team to support the audit.

The financial statements were prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder issued by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

#### Presentation and quality of financial statements

Management provided completed draft financial statements, including the Performance Report, Accountability Report and Remuneration and Staff Report on 14 November, after the onsite audit work. In our 2016/17 audit report we noted the importance of providing complete financial statements, including front end narrative sections, at the start of the audit. We recognise the College finance team has experienced significant turnover in the year, in particular with three heads of finance through the financial year, and this has had an impact on management's capacity to provide the financial statements in line with the initially agreed timetable. We have agreed with management that for 2018/19 a detailed timetable for the financial statement preparation process will be agreed.

The draft financial statements provided by management were comparable in quality with the prior year. We made a number of suggestions to enhance presentation and readability, and to ensure compliance with disclosure requirements. In particular, the financial statements required a number of updates to ensure compliance with the new requirements as outlined in the SFC's 2017/18 Accounts Direction. Management addressed all material comments in the finalised version of the financial statements.

While the final financial statements are materially compliant with the requirements outlined in the SFC 2017/18 Accounts Direction, FE SORP and FRS 102, the readability and usefulness to the reader should be an ongoing area of focus and improvement in future years, as well as the processes implemented by management to ensure compliant financial statements of a good quality are prepared in a timely manner in advance of the yearend audit.

#### Audit differences

Management made a number of adjustments following the start of our onsite audit work in relation to the valuation at 31 July 2018 of property, plant and equipment. We identified no audit differences arising from our audit work.

The annual financial statements enables the College to demonstrate its accountability for the resources at its disposal, and its overall performance in the application of those resources during the year. They also enable the College to demonstrate openness and transparency in its governance and remuneration arrangements.

### Financial Statement preparation 2017/18: Other areas

#### Arms Length Foundation (ALF)

As a result of the reclassification of Scotland's Colleges from 1 April 2014, Arm's Length Foundations (ALF) were set up in order that any reserves were not required to be returned to the Scottish Government. The College transferred assets to the Scottish Colleges Foundation. At 31 July 2018 approximately £116,000 remained in the ALF. This is to be awarded by the ALF to applicants in line with the ALF's charitable objectives. The governance arrangements between colleges and ALFs across the sector is an area of increased focus in 2017/18, in particular around the independence of the ALF and influence college's can extend over their operations.

We have re-assessed the independence of the ALF for the year ended 31 July 2018 to consider the requirement for consolidation of the ALF into the College financial statements. We have concluded that the ALF is independent of the College based on a number of factors:

- ▶ There is a board of trustees which is independent of the College; no trustees are appointed by the College
- ▶ All applications for funding from the ALF are reviewed against the ALF's charitable objectives
- ▶ Day to day management of the ALF is not delegated to, and does not involve, management from the College

We have also considered that should the College be deemed to have exercised significant influence or control over the ALF, based on the financial position at 31 July 2018 and the 2017/18 financial transactions, the ALF would not be considered material to the College's financial statements.

#### Consolidated financial statements and subsidiary audit arrangements

The College prepares group financial statements, consolidating the results of the College and its subsidiary undertakings, AST (Trading) Limited. We are satisfied that the consolidated financial statements have been prepared appropriately with inter-company transactions eliminated in line with accounting requirements. We have also completed the audit of the subsidiary stand alone financial statements and have issued an unqualified audit opinion.

We have considered the arrangements in respect of the Perth College Development Trust (the Trust), and concluded that, in line with the prior year, it remains appropriate to not consolidate the Trust's financial statements into the College group financial statements. This is on the basis of the Trust being independent through its Trustee arrangements. The Trust financial position at 31 July 2018 is also immaterial to the College's financial statements.

## 2. 2017/18 financial statements audit



The annual financial statements enables the College to demonstrate its accountability for the resources at its disposal, and its overall performance in the application of those resources during the year. They also enable the College to demonstrate openness and transparency in its governance and remuneration arrangements.

### Opinions on matters prescribed by the Audit Scotland

**Performance Report:** In accordance with the Code, we review the information contained within the Performance Report and confirm that this is consistent with the information reported within the financial statements. Audit Scotland requires us to also express an opinion on whether the Performance Report has been prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council.

We are satisfied that the information within the Performance Report is consistent with the financial statements and has been prepared in accordance with applicable requirements.

**Accountability Report, including the Governance Statement:** Audit Scotland requires us to read the information in the Governance Statement and express an opinion on whether it is consistent with the financial statements and that it has been prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council.

We have reviewed the Governance Statement and provided commentary to management around enhancing the layout and structure of the information, including the requirement to include committee attendance. See further commentary within governance and transparency section of wider scope.

We are satisfied that the information with the Accountability Report is consistent with the financial statements and has been prepared in accordance with applicable requirements.

**Remuneration and Staff Report:** Auditors are required by the Code to audit the disclosures of remuneration and pension benefit, pay bands, and exit packages and express a separate opinion within their independent auditor's report on whether they have been properly prepared in accordance with the regulations.

We are satisfied that the auditable part of the Remuneration and Staff Report has been properly prepared in accordance with regulations.

**Regularity Opinion:** The Board is responsible for ensuring the regularity of expenditure and income. Auditors are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

In all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

## 2. Significant audit risks

**Significant risk - risk of fraud in income and expenditure recognition:** ISA (UK) 240 requires us to make a rebuttable presumption that the fraud risk from income recognition is a significant risk. In the public sector, we extend that to consider the risk of material misstatements by manipulation of expenditure.

### Our overall approach

As set out in our Annual Audit Plan, given the nature of funding to the College from the Scottish Funding Council (SFC), we rebutted the assumed fraud risk in respect of this income stream. However we recognised a revenue recognition risk for tuition income and other material income in respect of possible manipulation of cut-off around the financial year end.

We also recognised the same risk around incorrect recognition of non-pay expenditure in line with Practice Note 10.

### What did we do in response to the significant risk?

We undertook the following procedures as part of our audit:

- ▶ Reviewed and tested revenue and expenditure recognition policies against the relevant accounting standards and the SORP
- ▶ Reviewed and discussed with management any accounting estimates on revenue or expenditure recognition for evidence of bias
- ▶ Developed a testing strategy in respect of material revenue and expenditure streams:
  - ▶ For tuition fees and education contracts, we performed an analytical review of the key movements in the year and substantive testing across a sample of contracts to ensure appropriate recognition
  - ▶ For SFC and other funding body grant income we reviewed all material grant funding recognised in the year for any indicators of either claw-back or that the terms and conditions of the financial memorandum have not been complied with in all material respects
  - ▶ For other income and expenditure, we performed an analytical review of movements and selected key item and representative samples for testing, and obtained the third party evidence along with confirmation of the balance received / receivable by the College
- ▶ We performed focused additional testing around income and expenditure transactions posted nearer to the year end to gain comfort that any material items are recorded in the correct accounting period. In particular we focused on material income transactions incurred after 31 July, but included in the 2017/18 financial ledger, and material expenditure transaction incurred before 31 July but deferred into 2018/19
- ▶ We reviewed and tested a sample of debtor balances at the year end, including any material balances. We undertook an assessment of aged balances held on the balance sheet at year end including investigation of unusual items, such as those past payment due date
- ▶ We tested an extended sample of year end income and expenditure accruals held on the balance sheet at 31 July. We obtained evidence to support management's conclusion that balances related to transactions in respect of the financial year in question

### What are our conclusions?

Our testing has not identified any material misstatements relating to revenue and expenditure recognition. We did not identify any areas of significant estimation or judgement as part of our audit work in these areas.

## 2. Significant audit risks (cont.)

**Significant risk – management override:** As identified in ISA 240, management is in a unique position to perpetrate fraud in its financial reporting because of its ability to manipulate accounting records directly or indirectly by overriding controls that otherwise appear to be operating effectively.

### We respond to this risk on every engagement

Audit procedures performed	What did we find?
We gave consideration to the risk of fraud, inquiring of management about their assessment of the risks of fraud and the controls put in place to address those risks. We also updated and developed our understanding of the oversight of those charged with governance over management's processes over fraud.	<p>We have not identified any material weaknesses in controls or evidence of material management override.</p> <p>As part of the audit process we wrote to the chair of the Audit Committee to make inquiries around both the governance arrangements at the College and any instances or possible non-compliance identified in the year. Those charged with governance identified through their response no instances of non-compliance. They also did not draw to our attention to any significant matters or material weaknesses or concerns in respect of the College's governance arrangements.</p>
Test the appropriateness of manual journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements	We obtained a full list of journals posted to the general ledger during the year, and used our bespoke data analysers to identify any unusual journal types or amounts based on our identified risk areas for the audit. We then tested a sample of these journals, understood their purpose and agreed and corroborated them to supporting documentation.
Review accounting estimates for evidence of management bias, including management's retrospective consideration of prior year estimates.	We identified and considered the appropriateness of key accounting estimates, including provisions, and their susceptibility to bias. Management has disclosed their consideration of the critical accounting judgements and key estimates in the financial statements. We have reviewed these and agree with the detail of the assessment performed.
Evaluate the business rationale for any significant unusual transactions	We did not identify any significant unusual transactions outside the normal course of business.
Consistency and application of accounting policies / overall presentation of financial information	We consider the accounting policies adopted by the College to be appropriate. There are no significant accounting practices which materially depart from what is acceptable under FRS 102 or the SORP.
<b>What are our conclusions?</b>	
<p>We have not identified any material weaknesses in the design and implementation of controls around journal processing. We did not identify any instances of evidence of management override of controls.</p> <p>There was no disagreement during the course of the audit over any accounting treatment or disclosure. We encountered no significant difficulties in the audit through our interaction with management.</p>	

## 2. Other inherent risks



### Valuation of property, plant and equipment: Our overall approach

The value of property, plant and equipment ("PPE") represents a significant balance on the College's balance sheet and is subject to valuation changes, depreciation charges and possible impairment. The total value of the College estate at 31 July 2018 was £37 million (2017: £33.6 million), and was subject to a full revaluation at 1 August 2018, with an interim revaluation due again in 2021.

As set out in our Annual Audit Plan, given that a number of assumptions are used in valuing property, plant and equipment, we assigned a higher inherent risk to the valuation of PPE at 31 July 2018.

### What did we do in response to the risk?

We undertook the following procedures as part of our audit:

- ▶ We reviewed the valuation of the College estate at 1 August 2018 completed by the external specialists engaged by the College. We assessed their independence and expertise to complete the valuation exercise, and challenged the key assumptions included in the valuation. We agreed the valuation to the underlying accounting records
- ▶ We reviewed the College's backlog maintenance plans, including consideration of possible indicators of impairment of the existing estate, and whether backlog maintenance expenditure in the year had been correctly accounted for as capital or revenue expenditure
- ▶ We agreed the PPE balances disclosed in the financial statements to underlying accounting records, in particular the College's fixed asset register
- ▶ We tested a sample of additions and disposals in the year, considering the appropriateness of capitalisation in line with the College's accounting policies and to ensure the correspondingly replaced assets had been appropriately disposed
- ▶ We considered any material capital grant income to supporting documentation and consideration of the appropriateness of recognition against the terms of any grant conditions, the College's own accounting policies and the applicable accounting standards

### What are our conclusions?

The valuation of the College estate in 2017/18 resulted in an increase of £4 million. We were satisfied with the results of our inquiries of both management and management's external specialist.

Our testing has not identified any material misstatements relating to property, plant and equipment.

## 2. Other inherent risks (cont.)

### Accounting for retirement benefits: Our overall approach

In line with accounting standards, the College recognises the cost of retirement benefits provided to its staff in the reported cost of service when they are earned by the employee and not when the pension benefits are actually paid.

The College's employees belong to two principal pension schemes, the Scottish Teachers Superannuation Scheme (STSS) and the Tayside Pension Scheme (LGPS). The present value of Unfunded Obligations in relation to early retirements agreed in previous years is £1.2 million (2016/17: £1.4 million). As at 31 July 2018, the College's share of the pension scheme net liability is £2.8 million (2016/17: £8.9 million).

The information disclosed is based on the FRS 102 report issued to the College by the actuary appointed by the Tayside Pension Fund. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

### What did we do in response to the risk?

As a result of the thematic review performed by the Financial Reporting Council, there has been an increase in focus in accounting for retirement benefits and, as such, auditors have additional requirements to address in completing and concluding on the valuation of these balances. We undertook the following procedures as part of our audit:

- ▶ Obtained the actuarial report at the year end date for the scheme and utilised our in-house experts to assess both the robustness of the methodology used to derive the key actuarial assumptions, and the reasonableness and consistency of the assumptions underpinning such reports
- ▶ We wrote to the actuaries of the pension scheme to confirm their independence and expertise to ensure this was appropriate and sufficient for the purposes of preparing their FRS 102 report
- ▶ We wrote to the auditor of the Pension Fund to gain assurance over the completeness, existence and valuation of the assets at 31 March 2018, as well as the processes and controls to ensure accurate information is obtained in respect of the College's share of fund assets
- ▶ We performed additional testing on the College's share of the fund pension assets at 31 July, performing roll forward procedures on its share of assets from 31 March to the College balance sheet date
- ▶ We reviewed the calculation of the College's valuation of future early retirement liabilities at 31 July and completed integrity testing over the inputs into the calculation

### What are our conclusions?

We concluded that we were able to rely on the work of management's specialists - the pension fund actuaries - and were satisfied that the actuarial assumptions used in the preparation of the FRS 102 report were appropriate. These include the assumptions directed to be used by management (such as assumptions over future salary cost increases).

We obtained relevant assurances from the pension fund auditor to support our conclusions.

Our testing has not identified any material misstatements relating to future early retirement liabilities.



### **3. Wider scope audit**

# 3.1 Financial sustainability

Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.

Amber

- ▶ The financial environment in which the College operates continues to be challenging, with significant uncertainty going forward around both key income and expenditure sources, in particular around future increases to staff costs through national bargaining and future SFC funding.
- ▶ Management is sighted on the requirement for savings to be delivered over the next five years and has begun reviewing possible avenues for delivering these, including increasing income through commercial partnerships and funding and reducing costs through review of teaching arrangements and management structure. As the College develops these plans it is important these are quantified in a detailed medium term financial plan which aligns to the FFR and strategic and operational plans.

## Elements of financial sustainability, and our assessment of the College's arrangements

We consider whether:

- ▶ The College's revenue and capital outturn for 2017/18 was in line with the approved budgets, with material changes to budgets identified and reported?
- ▶ The College has a medium term financial strategy and plan which takes into account risks and uncertainties?
- ▶ The College has arrangements to address any identified funding gaps?

### The context for financial sustainability

In June 2018, Audit Scotland published their report *Scotland's colleges 2018*. This report provided an overview of the college sector in Scotland and provided an update on college finances across the sector. The report highlighted that while the college sector's underlying financial position improved in 2016/17, several colleges face significant financial challenges. Scotland's 20 incorporated colleges reported an overall underlying financial surplus for 2016/17 of £0.3 million. This compares to an underlying deficit of £8 million in 2015/16. Across the sector, the cash held by colleges increased by 13 per cent in 2016/17 and the net value of their assets - such as land and property, compared against financial liabilities such as pension costs - grew by 10%. However, these sector-wide increases mask significant variations between colleges.

The report noted that several factors pose a risk to colleges' financial sustainability, including: the future impact of national bargaining for support staff; uncertainties around long-term funding of improved employment terms; the cost of maintaining buildings and land; and the potential impact of leaving the European Union.

The SFC's 2017 estates condition survey indicates that college buildings require urgent and significant investment. The survey estimates a backlog of repairs and maintenance over the next five years of up to £360 million. The SFC is providing £27 million of capital funding to colleges in 2018/19 to cover the very high priority needs identified in the condition survey.

### 2017/18 College financial position

The College reported an accounting deficit of £1.5 million for the year (2016/17: £6.4 million surplus). Following actuarial gains of £7.1 million, the College reported total comprehensive income of £5.6 million (2016/17: £7.4 million).

### Elements of financial sustainability, and our assessment of the College's arrangements (cont.)

#### 2017/18 College financial position (continued)

The 2017/18 budget was approved in the summer of 2017. The College budgeted for an underlying operating deficit of £470,000, excluding accounting transactions for FRS 102 pension adjustments and any property revaluations. The College's underlying operating position in 2017/18 showed a surplus of approximately £500,000 after removal of costs in relation to non-cash transactions for fixed assets and pensions. As part of the submission of its financial forecast return ("FFR") for 2018/19, management outlined the key movements in the year between the College's 2017/18 budget and actual position. We have reviewed the movements against our understanding from our yearend audit work, and our review of the budget from the prior year audit. We consider the movements to be reasonable given the timing of variances crystallising and not indicative of underlying inaccuracies in the College's budget process.

#### Medium term financial strategy and plan

The College has prepared its five-year financial forecasts from 2018 to 2023 and submitted these to the SFC through its FFR. We have outlined the forecast position through to 2023.

Year	18/19 / £000's	19/20 / £000's	20/21 / £000's	21/22 / £000's	22/23 / £000's	Total
Accounting surplus / (deficit)	(245)	(745)	(910)	(1,320)	(1,444)	(4,664)
Underlying surplus / (deficit)	287	24	(145)	(552)	(672)	(1,058)
Forecast cash position at yearend	1,454	1,054	754	554	354	354

The five year projection forecasts two years of underlying surpluses followed by deficits from 2020 through to 2023. Overall the College forecasts an underlying deficit of £1 million across the five year period, however it is projecting maintaining a positive cash position throughout the period. Management has noted in its preparation of these forecasts a number of assumptions that could have a significant impact on the future financial position:

- ▶ Assumption around future SFC income is based on current instructions provided from the regional strategic body, including the forecast reductions in funding (and the College's associated share of this reduction) from 2021/22. This could still change as funding is confirmed on an annual basis
- ▶ Assumption that cost of living increases through the period remain at approximately 2%
- ▶ The College has correctly assumed capital funding for backlog maintenance for 2018/19 only, in line with SFC guidance, however has not forecast any additional funding from its own resources from 2019/20 onwards

### Elements of financial sustainability, and our assessment of the College's arrangements (cont.)

#### Assessment of the College's Financial Forecast Return

We have reviewed the College's FFR submitted to the SFC for 2018/19 through 2022/23, as well as the underlying assumptions underpinning the return. The forecast submitted is based on robust management workings for the five year period and represent management's best estimate of the future position. The forecast financial position throughout the five year period shows a continually challenging environment for the College, in particular further out in the period as the SFC funding reductions forecast and increases in staff costs have a cumulative effect on the College's underlying position.

This position could be impacted significantly by changes to income and expenditure from that forecast in the period, given the materiality of the sensitivities in the forecast, as outlined on the previous page. In our view the assumptions used by management for the forecast period are not overly optimistic, and these sensitivities could impact the future performance of the College positively as well as negatively. However, the College projects to have £354,000 in cash at the end of the forecast period, against £124 million income during the period. It would not take a significant variance against current assumptions, combined with no effective action, to result in the College requiring cash flow support during the period.

The College has established a track record in recent years of identifying and delivering on required savings it needs to not exceed its income at an operating level, and is sighted of the requirements going forward in the next five years. The College is also forecasting operating surpluses for the period to July 2021, providing time to implement the required savings to address deficits in later years. However, given the savings achieved by the sector and the College in recent years, additional savings will be more challenging as more traditional approaches to reducing costs or increasing income have already been utilised.

Management has begun reviewing possible avenues for delivering savings, including increasing income through commercial partnerships and funding and reducing costs through review of its teaching arrangements and management structure. As it develops these plans it is important that these are quantified in a detailed medium term financial plan which aligns to the FFR and strategic and operational plans for the next five years. The College's future financial forecast should be reviewed, not just annually with each submission, but as significant updates are required as saving programmes are identified or assumptions crystalize. Any significant changes should be communicated to UHI as the regional strategic body, and the SFC as appropriate. Should sufficient savings not be identified to address forecast deficits in the next financial period, management should consider alternate action with the regional strategic body.

#### *Recommendation one*

#### Focus on EU withdrawal

Withdrawing from the European Union will have implications for the college sector. In October 2018 Audit Scotland published a paper setting out the key issues for the public sector. The issues were identified around the three themes of people, finances and rules and regulations.

The risks and opportunities presented by EU withdrawal will vary markedly between organisations. Some parts of the public sector are already experiencing an impact. Audit Scotland expects all public bodies to be assessing the potential impact of EU withdrawal on their organisation, and identifying any specific risks and how they will respond to them.

Discussions with management and review of Board papers has confirmed that the College is sighted on Brexit as likely to have an impact on both the further education and wider College sector, while recognising uncertainty as to the detail behind those risks. We have confirmed as part of our review of the College's medium term financial plan that it does not assume any future income through EU grant funding from 2018/19. Management has noted a risk around the impact of Brexit on EU student numbers, which could impact income through tuition fee reductions.

#### Outcomes from the Audit Scotland Overview Report

Audit Scotland published its overview report for the sector in June 2018. This included comparative data across all Colleges in the country and analysis of a number of key developments in the sector. No specific matters were raised in respect of the College.

Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision-making and transparent reporting of financial and performance information.

Green

- ▶ The College has a number of the key requirements in place for good governance and transparency. The College has committed to transparency in its operations, including sharing information on the College website.
- ▶ Management’s assessment of compliance with the Code of Good Governance noted four areas of non-compliance, which are stated in the governance statement within the financial statements. Full compliance is targeted for March 2019.

Elements of governance and transparency, and our assessment of the College’s arrangements

We consider whether:

- ▶ Is the governance framework sound and arrangements operating effectively?
- ▶ Is there effective scrutiny, challenge and transparency on decision making?
- ▶ Is the Governance Statement complete and does it reflect key findings from audit, scrutiny and inspection?

**Governance and transparency**

While we have not identified any significant risks in relation to the College’s governance arrangements through our audit planning, we consider the adequacy and effectiveness of the College’s governance arrangements as part of our audit work, and the appropriateness of the related disclosures made in the financial statements around governance and transparency.

The Board is responsible for establishing robust governance arrangements. This includes ensuring effective systems of internal control, including arrangements to safeguard public money, and compliance with applicable laws and regulations.

The College has in place a number of the key requirements for good governance and transparency. We have reviewed Board minutes and papers and found these to set out clearly the matters considered and discussed. Standing Orders regulate how the business of the College is conducted. The Board has approved detailed terms of reference for its standing committees. The College publicises Board and standing committee agendas, minutes and papers on their website on a timely basis and information, including financial performance is generally clear and concise.

**Internal audit**

The College’s internal audit service provides an important source of assurance to inform management and the Board’s assessment of the College’s governance arrangements. We have reviewed the internal audit annual report for 2017/18. Internal audit’s opinion for the year was based on its agreed audit plan for 2017/18, as approved by the Audit Committee. For 2017/18 the Internal Auditor’s annual statement of assurance notes “in our opinion the College has adequate and effective arrangements for risk management, control and governance. Proper arrangements are in place to promote and secure Value for Money. This opinion has been arrived at taking into consideration the work we have undertaken during 2017/18 and in prior years since our first appointment in 1998/99.”

### Elements of governance and transparency, and our assessment of the College's arrangements (cont.)

#### **Governance Statement**

We reviewed the College's Governance Statement against the requirements outlined in the SFC's 2017/18 Accounts Direction. This includes the requirement to conclude on the College's compliance with the Scottish Code of Good Governance, or to explain any areas of non-compliance. We also considered management's arrangements for its own self-assessment over compliance with the Code.

Management's assessment of compliance with the Code of Good Governance noted full compliance, with the exception of four areas of non-compliance, which have been disclosed in the governance statement within the financial statements. We made a number of recommendations to enhance the presentation and disclosures in the Governance Statement to ensure it complied with the core disclosure requirements of the SFC accounts direction, including the disclosure of areas of non-compliance. These have been addressed by management in the finalised financial statements.

#### **Risk management**

The College's approach to risk management is set out within the risk management policy, which is available on the College website. This was formally approved by the Board in 2016 and most recently reviewed in 2018. There is routine reporting of the College's risk register to the senior management team. The Audit Committee reviews the risk register on a routine basis and the Board considers the risk register as part of its agenda.

#### **Enquiries of those charged with governance**

During 2017/18 we formally wrote to the chair of the Audit Committee to make inquiries around the College's governance arrangements, including consideration by those charged with governance in respect of compliance with laws and regulations; identification of fraud, error and breaches of internal control; and material litigation and claims. We considered the response received from the chair of the Audit Committee against our wider understanding of the College and other inquiries made through the year. No significant matters were noted. This was in line with our understanding from corroborating procedures through the audit.

#### **Severance payments**

During 2017/18 the College made payments of £180,000 to two employees who left the College under severance agreements, as approved by the Regional Strategic Body and the SFC. These payments were also approved by the College's Remuneration Committee. We confirmed a sample of payments to evidence of approval from the committee, and agreed that they were consistent with SFC guidance around severance payments.

#### **Audit Scotland national reports**

It is important that the College has embedded arrangements to ensure that consideration is appropriately given to national reports published by Audit Scotland. This should include ensuring that management has evaluated the implications for the College and that the reports and assessment are shared with the board.

Discussions with management highlighted that national reports are reviewed by management and the impact on the College is considered. These are taken to the Board as and when deemed necessary.

## Appendices

- A - Code of Audit Practice: responsibilities
- B - Independence and audit quality
- C - Required communications
- D - Action plan

In our Annual Audit Plan, we provided a summary of the responsibilities on audited bodies falling within the public sector audit framework, as set out in the Code of Audit Practice (the Code).

## Responsibilities of audited bodies

Corporate governance	Each body, through its chief executive or accountable officer, is responsible for establishing arrangements to ensure the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Audited bodies should involve those charged with governance (including audit committees or equivalent) in monitoring these arrangements.
Financial statements and related reports	<p>Audited bodies must prepare an annual report and accounts containing financial statements and other related reports. They have responsibility for:</p> <ul style="list-style-type: none"> <li>▶ preparing financial statements which give a true and fair view of their financial position and their expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation.</li> <li>▶ maintaining accounting records and working papers that have been prepared to an acceptable professional standard and support their financial statements and related reports disclosures.</li> <li>▶ ensuring the regularity of transactions, by putting in place systems of internal control to ensure that they are in accordance with the appropriate authority.</li> <li>▶ maintaining proper accounting records.</li> <li>▶ preparing and publishing, along with their financial statements, an annual governance statement, management commentary (or equivalent) and a remuneration report that are consistent with the disclosures made in the financial statements. Management commentary should be fair, balanced and understandable and also clearly address the longer-term financial sustainability of the body.</li> </ul> <p>Management, with the oversight of those charged with governance, should communicate clearly and concisely relevant information to users about the entity and its financial performance, including providing adequate disclosures in accordance with the applicable financial reporting framework.</p> <p>Audited bodies are responsible for developing and implementing effective systems of internal control as well as financial, operational and compliance controls. These systems should support the achievement of their objectives and safeguard and secure value for money from the public funds at their disposal. They are also responsible for establishing effective and appropriate Internal Audit and risk-management functions.</p>
Standards of conduct / prevention and detection of fraud and error	Audited bodies are responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption and also to ensure that their affairs are managed in accordance with proper standards of conduct by putting proper arrangements in place.
Financial position	<p>Audited bodies are responsible for putting in place proper arrangements to ensure that their financial position is soundly based having regard to:</p> <ul style="list-style-type: none"> <li>▶ such financial monitoring and reporting arrangements as may be specified</li> <li>▶ compliance with any statutory financial requirements and achievement of financial targets</li> <li>▶ balances and reserves, including strategies about levels and their future use</li> <li>▶ how they plan to deal with uncertainty in the medium and longer term</li> <li>▶ the impact of planned future policies and foreseeable developments on their financial position.</li> </ul>
Best Value	The Scottish Public Finance Manual sets out that accountable officers appointed by the Principal Accountable Officer for the Scottish Administration have a specific responsibility to ensure that arrangements have been made to secure best value.



## B. Independence and audit quality



Professional ethical standards, and the Terms of our Appointment, require us to communicate all significant facts and matters that have a bearing on EY's objectivity and independence as auditor of the College.

### What we are required to communicate

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY), its directors and senior management and affiliates, and you, including all services provided by us and our network to you, and other services provided to other known connected parties that we consider may reasonably be thought to bear on our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 August 2017 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

### Confirmations

We confirm that there are no changes in our assessment of independence since our confirmation in our Annual Audit Plan, dated May 2018.

We complied with the Financial Reporting Council's Ethical Standards and the requirements of Audit Scotland's Terms of Appointment. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter which you should review, as well as us. It is important that management and members of the Board consider the facts known collectively to you and come to a view.

### Audit fees - payable in the respect of the year ended 31 July 2018

Component of fee:	2017/18	2016/17
<i>Auditor remuneration</i>	<b>£14,930</b>	£14,780
Pooled costs	<b>£960</b>	£920
Contribution to Audit Scotland costs	<b>£830</b>	£840
Other assurance fees	-	£1,500
<b>Total fee</b>	<b>£16,720</b>	£18,040

*Excludes audit fee of £4,000 (ex VAT) for audit of the College's subsidiary financial statements.*

### Audit Quality

International Standard on Quality Control (UK and Ireland) 1 (ISQC1) requires that a system of quality control is established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and legal requirements are being complied with and that the independent auditor's report or opinion is appropriate in the circumstances.

The EY 2018 UK Transparency Report can be accessed on our website at [www.ey.com/uk/en/about-us/ey-uk-transparency-report-2018](http://www.ey.com/uk/en/about-us/ey-uk-transparency-report-2018). This material is published to provide a timely and relevant source of information about EY in general, and our audit business in particular.

The disclosures are extensive. For example, they explain our outlook and how we are structured and governed, including the role of our Independent Non-Executives and how we apply the requirements of the UK's Audit Firm Governance Code. We refer to the quality of our audits and our commitment to recruiting, developing and diversifying our people and talent pool. We also explain how we manage our risks and remain innovative and technologically advanced in what we do and how we do it.

Maintaining high audit quality across all of our engagements is of paramount importance to us. Our transformational Audit Quality Programme continues and is a part of the global EY Sustainable Audit Quality Programme (SAQ).

Our Audit Quality Board (AQB) continues to oversee all matters relating to audit quality and sets the agenda for the Audit Quality programme. The AQB meets monthly and also holds an annual strategy session. The AQB reports to the EY UK Board. The AQB receives regular updates on regulatory matters, results of internal and external reviews, results of root cause analysis, resourcing, the SAQ programme and pursuit approvals, as well as a comprehensive dashboard on quality measures.

Our Audit Quality Support Team (AQST), which started within the SAQ programme, reviews 40 to 50 audits each audit cycle providing challenge and guidance to the engagement teams. These are in-depth reviews carried out by experienced auditors independent of the audit team. AQST reviews enhance the quality of both the audit under review and other audits on which team members apply the lessons learned. The AQST has now become a business-as-usual function.

### Audit Scotland – Audit Quality Framework / Annual Audit Quality Report

Audit Scotland's Appointments and Assurance Team are responsible for applying the new Audit Quality Framework across all financial audits and performance and Best Value audits. This covers the quality of audit work undertaken by Audit Scotland staff and appointed firms. The team are independent of audit delivery and provide assurance on audit quality to the Auditor General and the Accounts Commission.

We support Audit Scotland in their commitment to reporting on audit quality through responding to requests for information and providing the results of internal quality reviews undertaken in respect of relevant public sector audits in Scotland.

The most recent audit quality report which covers our work at the College since appointment can be found at: [www.audit-scotland.gov.uk/uploads/docs/report/2018/as\\_audit\\_quality\\_1718.pdf](http://www.audit-scotland.gov.uk/uploads/docs/report/2018/as_audit_quality_1718.pdf).

Required communication	Our reporting to you
<b>Terms of engagement / Our responsibilities</b> Confirmation by the Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties. Our responsibilities are as set out in our engagement letter.	Audit Scotland Terms of Appointment letter - audit to be undertaken in accordance with the Code of Audit Practice
<b>Planning and audit approach</b> Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Annual Audit Plan - May 2018
<b>Significant findings from the audit</b> <ul style="list-style-type: none"> <li>▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>▶ Significant difficulties, if any, encountered during the audit</li> <li>▶ Significant matters, if any, arising from the audit that were discussed with management</li> <li>▶ Written representations that we are seeking</li> <li>▶ Expected modifications to the audit report</li> <li>▶ Other matters if any, significant to the oversight of the financial reporting process</li> </ul>	This Annual Audit Report  We request written representation from you in respect of key matters arising during the course of our audit, and in accordance with auditing standards. A copy of this letter is provided for your consideration and signature at the time of approval of the financial statements.
<b>Going concern</b> Events or conditions identified that may cast significant doubt on the College's ability to continue as a going concern, including: <ul style="list-style-type: none"> <li>▶ Whether the events or conditions constitute a material uncertainty</li> <li>▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>▶ The adequacy of related disclosures in the financial statements</li> </ul>	No conditions or events were identified, either individually or together to raise any doubt about the College's ability to continue for the 12 months from the date of our report.
<b>Misstatements</b> <ul style="list-style-type: none"> <li>▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation</li> <li>▶ The effect of uncorrected misstatements related to prior periods</li> <li>▶ A request that any uncorrected misstatement be corrected</li> <li>▶ Corrected misstatements that are significant</li> <li>▶ Material misstatements corrected by management</li> </ul>	This Annual Audit Report
<b>Fraud</b> <ul style="list-style-type: none"> <li>▶ Enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the College</li> <li>▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>▶ A discussion of any other matters related to fraud, relevant to the Audit Committee</li> </ul>	This Annual Audit Report
<b>Consideration of laws and regulations</b> <ul style="list-style-type: none"> <li>▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off</li> <li>▶ Enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of</li> </ul>	This Annual Audit Report  We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations.

Required communication	Reference
<b>Related parties</b> Significant matters arising during the audit in connection with the College's related parties including, when applicable: <ul style="list-style-type: none"> <li>▶ Non-disclosure by management</li> <li>▶ Inappropriate authorisation and approval of transactions</li> <li>▶ Disagreement over disclosures</li> <li>▶ Non-compliance with laws and regulations</li> <li>▶ Difficulty in identifying the party that ultimately controls the College</li> </ul>	No significant matters have been identified.
<b>Independence</b> Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: <ul style="list-style-type: none"> <li>▶ The principal threats</li> <li>▶ Safeguards adopted and their effectiveness</li> <li>▶ An overall assessment of threats and safeguards</li> <li>▶ Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul>	Annual Audit Plan  This Annual Audit Report - Appendix B
<b>Internal controls</b> Significant deficiencies in internal controls identified during the audit	This Annual Audit Report - no significant deficiencies reported
<b>Subsequent events</b> <ul style="list-style-type: none"> <li>▶ Where appropriate, asking the Audit Committee whether any subsequent events have occurred that might affect the financial statements.</li> </ul>	We have asked management and those charged with governance. We have no matters to report.
<b>Material inconsistencies</b> Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	This Annual Audit Report

This action plan summarises specific recommendations included elsewhere within this Annual Audit Report. We have graded these findings according to our consideration of their priority for the College or management to action.

## Classification of recommendations

**Grade 1:** Key risks and / or significant deficiencies which are critical to the achievement of strategic objectives. Consequently management needs to address and seek resolution urgently.

**Grade 2:** Risks or potential weaknesses which impact on individual objectives, or impact the operation of a single process, and so require prompt but not immediate action by management.

**Grade 3:** Less significant issues and / or areas for improvement which we consider merit attention but do not require to be prioritised by management.

No.	Findings and / or risk	Recommendation / grading	Management response / Implementation timeframe
1	<p><b>Financial planning arrangements</b></p> <p>Management is sighted as to the requirement for savings to be delivered over the next five years and has begun reviewing possible avenues for delivery.</p>	<p>As the College develops these plans it is important that these are quantified in a detailed medium term financial plan which aligns to FFR's and strategic and operational plans. The College's future financial forecast should be reviewed, not just annually with each submission, but as significant updates are required as saving programmes are identified or assumptions crystalize. Any significant changes should be communicated to UHI as the regional strategic body, and the SFC if appropriate. Should sufficient savings not be identified to address forecast deficits in the next financial period, management should consider alternate action with the regional strategic body.</p> <p style="text-align: right;"><i>Grade 1</i></p>	<p>Agreed.</p> <p>To be completed through the 2018/19 financial year.</p>

## EY | Assurance | Tax | Transactions | Advisory

### About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit [ey.com](https://ey.com).

### Ernst & Young LLP

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

© 2018 Ernst & Young LLP. Published in the UK.  
All Rights Reserved.

[ey.com](https://ey.com)

# Report and Financial Statements for the Year Ended 31 July 2018

Also available in large print (16pt)  
and electronic format.

Ask Student Services for details.

[www.perth.uhi.ac.uk](http://www.perth.uhi.ac.uk)

Perth College is a registered Scottish charity, number SC021209.



# Perth College – for the year ended 31 July 2018

## Key Management Personnel, Board of Management and Professional Advisers

### Key Management personnel

Key management personnel are defined as members of the Senior Management Team and were represented by the following in 2017-18:

Dr Margaret Cook, Principal and Chief Executive; Accounting Officer  
Lorenz Cairns, Interim Depute Principal (From 2<sup>nd</sup> April 2018)  
Jacqueline Mackenzie, Chief Operating Officer  
Veronica Lynch, Vice Principal, External (From 7<sup>th</sup> May 2018)

### External Auditor:

Ernst & Young LLP  
Atria One  
144 Morrison Street,  
Edinburgh,  
EH3 8EB

### Internal Auditor:

Henderson Loggie  
The Vision Building  
20 Greenmarket  
Dundee  
DD1 4QB

### Bankers:

Bank of Scotland  
10-16 King Edward Street  
Perth  
PH1 5UT

### Solicitors:

Thornton Solicitors  
17-21 George Street  
Perth  
PH1 5JY



# Perth College – for the year ended 31 July 2018

## Contents

	Page
Performance Report	1
Accountability Report	12
- Remuneration and Staff Report	12
- Corporate Governance Statement	16
- Statement of Responsibilities of the Members of the Board of Management	25
Independent Auditor Report	27
Consolidated and College Statement of Comprehensive Income	31
Consolidated and College Statement of Changes in Reserves	32
Consolidated and College Balance Sheets	33
Consolidated Statement of Cash Flows	34
Notes to the Accounts	35
Appendix 1 – 2017/18 Accounts Direction	59

# **Perth College – for the year ended 31 July 2018**

## **Performance Report**

### **Overview**

The members present their report and the audited financial statements for the year ended 31 July 2018.

### **Legal Status**

The Board of Management was established under the Further and Higher Education (Scotland) Act 1992 for the purposes of managing and conducting Perth College.

Provisions of the Post-16 Education (Scotland) Act 2013, which received Royal Assent on 7 August 2013, are being commenced in several stages and will have far reaching effect on the provision of education. Based on this legislation, the Office for National Statistics reclassified colleges as part of Central Government. This has resulted in colleges being determined as part of the local government sector for National Accounts purposes from 1<sup>st</sup> April 2014.

The College is correctly registered with the Office of the Scottish Charity Regulator for charity status and is recognised by HM Revenue & Customs as a charity for tax purposes.

### **Our Vision for the Future**

In June 2016, the Board of Management adopted Vision 2021: Strategic Plan 2016-21.

#### **Our Vision is...**

To be an inspirational partner in economic and social transformation

#### **Our Mission is...**

To change lives through excellence in education, research and innovation, developing knowledge and skills and the experience to succeed.

#### **Our Values are...**

Ambition, Integrity and Respect.

### **Implementation of Strategic Plan**

The College Strategic Plan 2016-21 aligns to the University of the Highlands and Islands Regional Outcome Agreement to ensure a strong and ambitious contribution to the success of Perth and Kinross,

# Perth College – for the year ended 31 July 2018

## *Performance Report (continued)*

our wider region and University, and beyond. Vision 2021 is the outcome of extensive consultation with students, staff, partners and community groups and is designed to take the college forward in the future as a tertiary institution and recognises the contribution of all areas of the College to the 5 underlying aims to:

- Inspire and empower our students, regardless of background, to recognise and achieve their potential;
- Work in partnership to foster and drive positive change and growth in local, regional, national and international economies;
- Provide dynamic learning and research experiences within a curriculum that meets economic and societal needs and aspirations;
- Optimise the sustainable use of our systems, processes and resources to provide the best possible student experience and outcomes;
- Have a talented, confident and inspirational staff who contribute to and make a vital difference the success of students, the life of the College, the University and our communities.

Each underlying aim articulates supporting aims with specific, aspirational targets to be achieved by July 2021.

The Board monitors the performance of the College against these targets using a balanced scorecard supplemented by a narrative which reports on four cross-cutting themes:

- Students and staff achieving their potential;
- Sustainability;
- Student activity measures and
- Student Satisfaction.

These perspectives are reviewed by the Board of Management who have also delegated the responsibility for more detailed review of them to the Finance and General Purposes Committee and to the Academic Affairs Committee. The balanced scorecard records and reports past trends and thus includes performance, actual and forecast, over the period until 2017-18.

In June 2018 the Board of Management reviewed the College's progress for the academic year 2017-18 against the Strategic Plan 2016-2021.

The top achievements were:

- Recruitment targets for FE and HE students were met for 2017-18
- In FE the number of students achieving a qualification has slightly increased and overall remains at a satisfactory level
- An overall student satisfaction score of 85% for the UHI has put the partnership 2% above the Scottish average. Here at Perth College UHI we had an overall student satisfaction score of 88%

# Perth College – for the year ended 31 July 2018

## ***Performance Report (continued)***

- Those students entering a positive destination after completion remain at a high satisfactory level (FE being 87%; HE being 91%)

## **Financial Objectives**

Our goal is to optimise financial stability through innovative and careful management. Every effort will be made to maximise the efficient and effective use of funds to support the academic aims and objectives of the College within the constraints of ONS. Scottish Government budgeting and accounting requirements require the College to at least break even on both an operational and resource basis in each fiscal year and to minimise cash balances.

## **Performance Indicators**

The targets set for 2018 in the College Strategic Plan are set in the context of national, regional and local priorities. This integration ensures that we contribute fully to the outcomes of the region as a whole and College performance against these targets is monitored using the balanced scorecard of key performance indicators.

The performance of the College is regularly reviewed by a range of external bodies and agencies. During 2017-18 these reviews have all been complimentary of the services that the College offers to its community and learners.

## **Financial Position**

### **Financial Results**

The Group generated a deficit in the year of £1,450k (2016-17 surplus of £6,494k) with total comprehensive income of £5,624 (2016-17 (£7,401k)). The deficit in the year is attributable to an operating deficit of £470k and £979k of defined benefit pension scheme costs recognised through the Statement of Comprehensive Income.

The surplus generated in 2016-17 is attributable to £7,305k of non-government grant income released in line with the performance model and £817k of defined benefit pension scheme costs recognised through the Statement of Comprehensive Income.

During the year 2013-14 the college generated a deficit of £6,192k as a result of transfers it made to the Scottish Colleges Foundation, a charity registered in Scotland for the advancement and promotion of further and higher education in Scotland. The surplus generated in the current year offsets this prior year deficit and is as a direct result of successful funding applications made to the foundation in relation the construction of the new Academy of Sport and Wellbeing building. In accordance with the SORP, this income is treated as non-government grant income and accounted for under the performance model. This essentially requires it to be released in full to the I&E in year rather than deferred and released in line with depreciation over the useful economic life of the asset it relates to.

Total comprehensive income also includes an actuarial gain in respect of the defined benefit pension scheme of £7,075k (2016-17 £907k). Both pension adjustment

# Perth College – for the year ended 31 July 2018

## Performance Report (continued)

figures are as a result of the annual valuation of the scheme by qualified actuaries and represent non-cash movements.

### Reconciliation of Total Comprehensive Income to Underlying Operating Position

	2017/17	2016/17
	£000	£000
<b>Total Comprehensive Income</b>	<b>(1,451)</b>	<b>6,494</b>
<b>Add Back:</b>		
Depreciation (net of Deferred Capital Grant release)	884	867
Exceptional Non-Restructuring Costs	-	-
Non Cash Pension Adjustment - Net Service Cost	979	871
Non Cash Pension Adjustment - Net Interest Cost	230	225
Non Cash Pension Adjustment - Early Retirement Provision	194	(13)
Donation to Arm's Length Foundation	-	-
<b>Deduct:</b>		
Non Government Capital Grants (e.g. ALF Grant)	-	7305
Exceptional Income	-	-
CBP Allocated to Loan Repayments & Other Capital Items	300	400
NPD Income applied to reduce NPD Balance Sheet Debt	-	-
<b>Adjusted Operating Surplus/Deficit</b>	<b>536</b>	<b>739</b>

The College complies with government accounting and budgeting rules on a financial year basis (i.e. to the end of March). The College is given a revenue resource budget (RDEL) and a capital resource budget (CDEL) and must account for this budget on a financial year basis. The College has fully utilised both the resource and capital budgets with no overspend or underspend other than that representing repayment of its long term loan as per SFC guidelines.

The Group has accumulated reserves of £26,254k and cash balances of £2,188k. Since the change in the status of colleges which brings them within the regulations of the National Statistics Office, the College will no longer be allowed to continue to accumulate reserves and cash balances as it previously did as part of its objective to achieve continued financial security.

Total non Scottish Funding Council (SFC) Income as a % of total income for 2017-18 was 39% (2016-17 54% and 2015-16 42%).

The College has a strong commitment to diversity and equality and issues of compliance with the disability provisions contained within the Equality Act 2010 are always incorporated in refurbishment and building works.

The College has a subsidiary company, Air Service Training (Engineering) Limited (AST). The principal activity of AST is the provision of aeronautical engineering

# Perth College – for the year ended 31 July 2018

## ***Performance Report (continued)***

courses for both the aviation industry worldwide and individual students. In the current year, AST achieved a breakeven operating position after a donation of £208k to the College.

## **Treasury Policies and Objectives**

The College has a separate treasury management policy in place and defines treasury management as the management of the organisation's cash flows, its banking and investment transactions; the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks. The College had short term borrowings at 31 July 2018 of £300k.

## **Cash Flows and Liquidity**

The College maintained a positive cash flow during the year. During the year the College had long term debt of £nil (2016-17 £300K) and at the year end the liquidity ratio stands at 0.61:1 (2016-17 0.54:1). Days ratio of Cash to Total expenditure, at 31 July 2018 was 33 days (2016-17 22 days). The College's gearing ratio at 31 July 2018 was 0.00:1 (2016-17 0.02:1).

## **Payment Performance**

The College has a policy of paying its suppliers within 30 days of invoice unless other separate terms are in place, and excluding invoices held in dispute. The level of creditors in terms of the year end creditors to the aggregated invoiced amounts during the year was 28 days (2016-17 24 days). No interest was paid under the Late Payment of Commercial Debts (Interest) Act 1998.

## **Current and Future Development and Performance**

### **Student Numbers**

In 2017-18 the College has delivered activity that has produced £12,993k in SFC main grant allocation (2016-17 - £12,624k). The College had approximately 3,733 SFC fundable students (expressed as full time equivalents) and 249 non SFC funded students.

### **Student Achievements**

We are extremely proud of our students' achievements. These are wide in range and in level and our formal KPIs for 2017-18 on retention, attainment and progression at all levels remain at a good overall level.

We have a strategic aim that every programme of study at the College will return at least 70% as the percentage of attainers to starters. This has been used by us in self-evaluation and action planning to raise the bar through taking a holistic view on both retention and attainment across the portfolio and then taking action.

# Perth College – for the year ended 31 July 2018

## ***Performance Report (continued)***

Our focus is not only on student attainment but also on wider achievement. We celebrate student success in citizenship, being enterprising, improving health and wellbeing and taking an active role in environmental sustainability. We are confident that our students leave the College with enhanced employability skills and are job ready.

We exceeded our student recruitment target for 2017-18 both at Further Education (FE) and at Higher Education (HE) and our student achievement KPIs have attained a satisfactory level.

## **Curriculum Developments**

The following have been new and successful implementations for 2017-18:

### **Further Education**

- NQ Gateway to Creative Industries
- NC Wellness Therapies
- NC Accounting

### **Higher Education**

- PGDE Teaching Primary
- BAH Outdoor Education and Learning

## **Estates Strategy**

During 2017-18 the ongoing improvement programme for the College Estate continued to encompass the upgrading of student and teaching facilities together with addressing backlog maintenance. The major projects undertaken included improving accessibility, student reception and one stop shop projects and the creation of a state of the art teaching kitchen to support the provision of new teaching degrees.

## **Future Developments**

The College continues to diversify its income through the development of greater specialist expertise leading to increased research funding, knowledge transfer, consultancy and international recruitment. Our focus remains on employment skills development and career opportunities for our students and this is being enhanced through our relationships with local businesses, the Chamber of Commerce, Federation of Small Businesses and our Business Link activities. We are diversifying our international activity and new relationships are being developed which are taking an increasingly greater UHI and internationalisation perspective to the benefit of home and international students. We are pursuing active collaborations with other Colleges and Universities, in particular through the UHI

# Perth College – for the year ended 31 July 2018

## ***Performance Report (continued)***

Partnership, to have a coherent curriculum offering and appropriate sharing of best practice and services.

Future developments within the College estates programme include:

- Improving and re-purposing existing facilities to provide an integrated approach to the development and delivery of curriculum, research and wider stakeholder engagement within all areas.
- Growth in student numbers and diversity will require additional accommodation, and discussions are ongoing to identify options on campus.
- The College is now undertaking a review of its estate which will underpin a forward strategy to ensure an estate that is fit for purpose in the 21st century.

## **Resources**

Tangible resources include the main College site consisting of 4 major buildings, 1 outreach centre, the nursery and 3 student residence buildings.

### **Financial**

The College has £26.1 million of net assets after deducting long term liabilities of £8.1 million.

### **People**

The College employs 421 people (expressed as full time equivalents), of whom 188 are teaching staff. Permanent staff turnover for the year to 31 July 2018 expressed as a full time equivalent was 18% (21% in 2016/17). Working days lost through sickness absence expressed as a percentage of lost time against the total available working days was 6.2%.

### **Reputation**

The College has a good reputation locally, nationally and internationally. Maintaining a quality brand is essential for the College's success in attracting students and developing and maintaining external relationships.

## **Principal Risks and Uncertainties**

The College's Board of Management is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Senior Management Team monitors key performance and risk indicators and considers possible control issues brought to their attention by early warning



# Perth College – for the year ended 31 July 2018

## ***Performance Report (continued)***

mechanisms embedded within the operational units and reinforced by risk awareness in operational planning. The Senior Management Team and the Audit Committee also receive regular reports from Internal Audit and Health, Safety and

Environmental monitoring functions which include recommendations for improvement. Internal Audit concentrates on areas of key activities determined by a risk analysis and in accordance with the annual internal audit plan approved and amended by the Audit Committee. The internal auditor has direct access to the Chair of the Audit Committee and issues an annual report with an opinion of the adequacy, reliability and effectiveness of the College's internal control system.

The Audit Committee considers risk at each Committee Meeting and receives a copy of the College Strategic Risk Register which is updated quarterly by the College Senior Management Team.

The Board of Management receive reports thereon from the Audit Committee, the emphasis being on obtaining the relevant degree of assurance and not merely reporting by exception.

The Board of Management is of a view that there is an ongoing process for identifying, evaluating and managing the College's significant risks that has been in place throughout the year ended 31 July 2018 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board of Management and accords with the Turnbull guidance on internal control, as applicable to the further education sector.

Outlined below is a description of the principal risk factors that may affect the College. Not all factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

### **1 Government Funding**

The College has considerable reliance on continued Government funding through the SFC and UHI. In 2017-18, 61% of the College's recurrent revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

This risk is mitigated in a number of ways:

- The College seeks to maximise income from non-Exchequer sources through a number of direct and indirect contractual arrangements.
- By delivering consistently dynamic, excellent learning and training throughout the College.
- Maintaining and managing key relationships with the various funding bodies.
- Regular interaction and dialogue with funding bodies.

# Perth College – for the year ended 31 July 2018

## *Performance Report (continued)*

### **2 Unfunded Pension Liabilities**

The financial statements report the provision made for pension costs arising from past early retirements in line with the valuation carried out by an independent firm of actuaries. The College's share of the Local Government Pension Scheme deficit is reported in the College's balance sheet in line with the requirements of FRS 102.

### **3 Overseas Students**

Our overseas student population is looked after by our experienced and dedicated team in our International Centre. The strategic and operational risks associated with overseas students are actively monitored by the international team and our academic structures.

The College has built up a network of overseas agents which is being supplemented by a growing number of partnerships of well-established educational establishments abroad and we have successfully retained our highly trusted status with the UK Borders Agency.

The College's subsidiary company, AST, is acknowledged worldwide as a leading provider of aeronautical engineering training.

## **Stakeholder Relationship**

In line with other colleges and universities, Perth College has many stakeholders. These include:

- Students and alumni.
- Staff.
- Scottish Funding Council.
- Local, national and international employers.
- Local authorities.
- Government offices and agencies.
- The local community.
- Community planning partnership.
- Chamber of Commerce and other business organisations.
- Scotland's Colleges, other FE and HE institutions.
- Partner institutions of UHI.
- Trade unions.
- Professional bodies.

# Perth College – for the year ended 31 July 2018

## *Performance Report (continued)*

### **EQUALITY & DIVERSITY**

#### **Equality and Diversity Vision**

The College consulted on and developed a vision for its commitment to equality and diversity:

*At Perth College UHI we have a passion for achieving more, a passion to become the most inclusive college in Scotland.*

#### **Equality Reporting**

On 30 April 2013 we published our Equality Report and Mainstreaming Plan 2013-2018 which showed how we were integrating equality into the day-to-day working of the college, having built on good practice from the work already carried out on the previous equalities duties for race, gender and disability and recognising the importance of considering ways to broaden our approach to include the newer protected characteristics.

We continue on our journey of ensuring the student and staff experience at Perth College UHI is excellent. We continue to mainstream equality and diversity into all aspects of our operations and in doing so provide a learning and working environment which is founded on key principles of fairness, opportunities and respect for everyone.

Central to mainstreaming has been the gathering and consideration of further relevant data. This has involved assessing existing available evidence and also considering what other evidence may be available to help us make progress in further meeting the general equality duty.

Reporting on this work will help us to demonstrate to our staff, students and other stakeholders that we are taking steps to further mainstream the equality duty into the exercise of the functions of our College, and the progress we have made.

Our Equality Mainstreaming Report 2015 shows the progress made towards achieving the equality outcomes we published in 2013, and how this progress has helped us mainstream equality in the College.

Our Equality Reports are published on our website:

<http://www.perth.uhi.ac.uk/about-us/policies-regulations-and-guidelines/equality-and-diversity>

# Perth College – for the year ended 31 July 2018

## *Performance Report (continued)*

The College also published an Equal Pay Statement and this can also be found on the College website at:

<http://www.perth.uhi.ac.uk/about-us/policies-regulations-and-guidelines/equality-and-diversity>

The Equal Pay Statement details the College's gender pay gap and shows that this decreased as a result of the implementation of job evaluation, the living wage and flat cash increases for lower graded posts. The Statement also provides information on occupational segregation and an Equal Pay Action plan to address the remaining equal pay gap.

### **Disclosure of Information to Auditor**

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditor is unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditor is aware of the information.

**Approved by order of the member of the Board of Management on 12 December 2018 and signed on its behalf by:**

**Brian Crichton**  
**Chair**

# Perth College – for the year ended 31 July 2018

## Accountability Report

### Remuneration and Staff Report

#### Introduction

The College is required to prepare and publish within its financial statements an annual Remuneration Report under the 2017-18 Government Financial Reporting Model (FReM) issued by the Scottish Government, which came into force for the period ending 31 March 2018.

The report sets out the remuneration and accrued pension benefits of the Senior Management Team members of the College.

The report also provides information on the number of College employees (including Senior Management Team members) whose total actual remuneration was £60,000 or more, this information being disclosed in salary bandings of £5,000 above £60,000. The following report has been prepared in accordance with the aforementioned Regulations.

The College's External Auditor is required to audit certain parts of the Remuneration Report and give a separate opinion in his report on the Statement of Accounts as to whether the Remuneration Report has been properly prepared in accordance with the Regulations. All the tables in this report are subject to audit except those relating to Staff Members Allowances and Expenses.

#### Remuneration arrangements

##### Senior Management Team

The Remuneration Committee makes recommendations to the Board of Management on the service arrangements and remuneration of the Principal and determines the service arrangements and remuneration of the other senior post holders.

Remuneration of the Senior Management Team is as set out in note 8 to the financial statements. In addition, the following table provides detail of the remuneration and pension interests of senior management.

	12 months ended 31 July 2018			12 months ended 31 July 2017		
Name	Salary	Pension Benefit	Total	Salary	Pension Benefit	Total
	£000	£000	£000	£000	£000	£000
M Cook	105	22	127	0	0	0
M Munckton	0	0	0	113	14	127
P Wilson	22	-9	13	76	11	87
S Bald	0	0	0	76	24	100
V Lynch	18	2	20	0	0	0
J Mackenzie	79	28	107	76	24	100

# Perth College – for the year ended 31 July 2018

## Accountability Report (continued)

The Regulations require information to be published on the total number of College employees (including Senior Management Team members) whose total actual remuneration was £60,000 or more. This information is to be disclosed in salary bandings of £5,000 above £60,000 and is shown in the following table:

Salary Band	2017-18	2016-17
£000	Number of staff	Number of staff
60-65	3	1
65-70	0	1
70-75	1	0
75-80	1	3
85-90	0	0
100-105	1	1

During the year, the College made payments of £180k to two individuals for compensation on early retirement or for loss of office (2016-17 £Nil).

During the year, the College made no non-cash benefits available to staff (2016-17 None).

### Median Remuneration:

	2017-18	2016-17
	£	£
Median Remuneration	25,401	29,520
Mid-Point of Banded Remuneration of Highest Paid Official	105,000	112,500

During 2017-18, the mid-point of the banded remuneration of the highest paid official was 4.1 times (2016-17 3.7 times) the median remuneration of the workforce.

### Accrued pension benefits

Pension benefits for Employees are provided through the Scottish Teacher's Superannuation Scheme (STSS), a defined benefit scheme, which is externally funded and contracted out of State Earnings-Related Pension Scheme and the Local Government Pension Scheme (LGPS), Tayside Pension Fund.

Prior to 1<sup>st</sup> April 2015 both STSS and LGPS were final salary pension schemes. This meant that pension benefits were based on the final year's pay and the number of years that the person had been a member of the scheme. From 1<sup>st</sup> April 2015 both pension schemes became Career Average Revalued Earnings (CARE) schemes. This means that pension benefits are now built up using an accrual rate of 1/57<sup>th</sup> of annual pensionable pay for STSS and 1/49<sup>th</sup> of annual pensionable pay for LGPS. Benefits built up prior to April 2015 will be protected and continue to be calculated on final pensionable pay.

# Perth College – for the year ended 31 July 2018

## **Accountability Report (continued)**

The scheme's normal retirement age is now linked to the members own State Pension Age.

Contribution rates are set annually for all employees and are based on salary bandings. There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004.

### **Senior Management Team Pension**

Pension benefits are provided to Senior Management Team on the same basis as all other staff. The accrued pension benefits for Senior Management Team members are set out in the table below, together with the pension contributions made by the College:

Name	Accrued pension at pension age at 31 July 2018	Accrued lump sum at pension age at 31 July 2018	Real increase in pension 1 August 2017 to 31 July 2018	Real increase in lump sum 1 August 2017 to 31 July 2018	CETV at 31 July 2018	CETV at 31 July 2017	Real increase in CETV
	£000	£000	£000	£000	£000	£000	£000
M Cook	2	0	2	0	2	26	24
P Wilson	19	57	1	2	434	432	- 17
J Mackenzie	6	0	2	0	91	63	28
V Lynch	19	25	19	25	290	0	290

### **Cash equivalent Transfer Value (CETV)**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time.

The value of the accrued pension benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued within the relevant scheme and may not be reflective of their total Local Government service or current appointment.

In considering the accrued pension benefits figures the following contextual information should be taken into account:

# Perth College – for the year ended 31 July 2018

## Accountability Report (continued)

- i. figures for pension and lump sum are illustrative only in light of the assumptions set out above and do not necessarily reflect the actual benefits that any individual may receive upon retirement.
- ii. accrued benefits figures are reflective of the pension contributions that both the employer and the scheme member have made over a period of time.

## Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

## Staff Numbers and Costs

	2018	2018	2018	2017
	Staff on Permanent Contracts	Other staff	Total	Total
Total staff costs (£000)	14,602	2,193	16,795	16,039
Average number of FTE	353	68	421	424

Based on headcount, the College employed 409 females and 269 males as at 31 July 2018.

## Sickness Absence Rates

The following table provides the total sick days lost, average sick days per head and % working time lost as at the end of July 2017-18 with comparatives to the end July 2016-17.

	2017-18			2016-17		
	Total sick days	Average sick days per head	% working time lost	Total sick days	Average sick days per head	% working time lost
Total	6,824	14.58	6.23%	4,140	7.6	3.45%



# Perth College – for the year ended 31 July 2018

## ***Accountability Report (continued)***

### **Facility Time**

In accordance with the Trade Union (Facility Time Publication Requirements Regulations 2017, the College provided 5 Union Representatives with a maximum of 4 hours per week Facility Time during the year ended 31 July 2018.

The College is currently undertaking work to capture, cost report on the uptake of Facility Time.

### **Statement of Corporate Governance and Internal Control**

From 1 August 2014, Perth College was assigned to the University of the Highlands and Islands as its Regional Strategic Body and the provisions of the Post-16

Education (Scotland) Act 2013 commenced for the College. As an assigned college, the Board is accountable to the Regional Strategic Body.

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the main principles of the 2017 code of good governance for Scotland's Colleges. Its purpose is to help the reader of the financial statements understand how the principles have been applied.

The College complies with all the principles of the 2016 Code of Good Governance for Scottish Colleges with the exception of A14 – the requirement to appoint a senior independent member, C19 the requirement for remuneration Committee Members to complete the online training module, C27 – the requirement for the Board to comply with the nationally agreed college sector Staff Governance Standard and D23 – the requirement for the Board to undertake an annual effectiveness review. The College is taking action to address these and expects to be fully compliant by 31 March 2019. The delay in undertaking an effectiveness review was due to the appointment of a new Chair during late summer 2018.

There have been no significant lapses of data security and no personal data related incidents reported to the Information Commissioner's Office during the period.

The College's ongoing commitment to good governance is noted.

### **The Board of Management**

The members who served on the Board of Management during the year and up to the date of signing the accounts were as follows:

		<b>Date of Appointment</b>	<b>Date of Resignation</b>	<b>Status of Appointment</b>	<b>Committees Served</b>
Dr Margaret Cook	Principal and Chief Executive	1 August 2017		Principal and Chief Executive	Chair: Academic Affairs; Chairs'; Finance & General

## Perth College – for the year ended 31 July 2018

					Purposes; Engagement; AST undertook the role of Chair until 30 September 2017
Dr Harold Gillespie	Retired	20 March 2013		Independent member	Academic Affairs; Finance & General Purposes
Ian Jackson	Director Scotland General Dental Council	15 December 2011	31 October 2017	Independent Member	Member of Audit Committee; Engagement
John McDonald	Executive Director Real Life Options	27 June 2012	16 October 2017	Independent Member	Chair: Engagement; Finance and General Purposes; Chairs'; Remuneration
David Littlejohn	Head of Tay Cities Deal	18 December 2013		Independent Member	Chair: Finance & General Purposes; Vice Chair: Engagement; Chairs'; Remuneration
Grant Myles	Business Change Consultant	18 December 2013 Appt to Chair 1 December 2014	17 August 2018	Independent Member	Finance and General Purposes; Capital Projects; Chairs'; Remuneration
Lindsey Farquharson (now McLeod)	Careers Consultant	1 August 2015	31 July 2018	Independent Member	Audit; Engagement
Prince Honeysett	HISA Perth President	1 July 2017		Student Member	Academic Affairs; Engagement
Nurina Sharmin	HISA Perth Vice President	1 July 2017	30 June 2018	Student member	Academic Affairs
Brian Crichton	Crichton Consulting	15 June 2016 Appt to Chair 20 August 2018		Independent Member	Audit; Chair from 12 September 2018 Academic Affairs; Remuneration; Chair's
Jim Crooks	Church Pastor	15 June 2016		Independent Member	Finance and General Purposes; Academic Affairs; AST
Sharon Hammel	Head of Strategic Change & Engagement NHS Scotland	15 June 2016		Independent Member	Engagement; AST
Anne Irvine	Retired Manager, Aberdeen City Council	15 June 2017		Independent Member	Audit; Engagement
Sharon McGuire	Sector Manager, Perth College	15 June 2017	13 June 2018	Teaching Staff Member	Academic Affairs; Capital Projects

## Perth College – for the year ended 31 July 2018

Lorna Nicoll	Self Employed, Alba Accountancy Services	15 June 2017	22 February 2018	Independent Member	Audit
Charlie Shentall	Director, The Lodge, Perth Racecourse	15 June 2017		Independent Member	Engagement; AST Chair from 10 October 2018; Health and Safety Champion
Deborah Hutchison	Director, Merlin ERD; Marketing Consultant	1 November 2017		Independent Member	Finance and General Purposes Committee
Lynn Oswald	Team Leader, Finnace Support Team, Education & Childrens Services, Perth & Kinross Council	1 November 2017		Independent Member	Audit
Anna Zvarikova	Company Secretariat, SSE Plc, Utility and Energy	1 November 2017			Audit
Donald MacLean	FOI & Data Protection Officer, Perth College	22 March 2017	29 March 2018	Staff Member	Engagement; Academic Affairs
John Dare	Library Adviser/Subject Network Librarian, Perth College	14 June 2018		Staff Member	Engagement
Andrew Comrie	Director of Fair Access (Part-Time, Royal Conservatoire of Scotland	24 September 2018		Independent Member	Academic Affairs, Audit
Declan Gaughan	Lecturer, Perth College UHI	21 September 2018		Staff Member	Academic Affairs
Craig Ritchie	Hymans Robertson LLP, Pensions Consultancy	24 September 2018		Independent Member	AST, F&GPC

Maureen Masson served as Clerk to the Board during the year.

# Perth College – for the year ended 31 July 2018

## ***Accountability Report (continued)***

It is the Board of Management's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The Board of Management complies with the internal control guidance published by the Turnbull Committee and the good practice in the Guide for Board Members in the College Sector 2015 issued by Scotland's Colleges. The College also complies with the principles of the Code of Good Governance for Scotland's Colleges (Dec 2014 and updated in August 2017).

The Board of Management is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Board of Management meets at least 4 times a year.

The Board conducts its business through a number of committees. Each committee has formally constituted terms of reference. These committees include: Finance and General Purposes Committee; Audit Committee; Academic Affairs Committee; Engagement Committee; Capital Projects Committee (disbanded after the completion of the Academy of Sport and Wellbeing); Chairs' Committee; and a Remuneration Committee. In addition, the Board of Management holds development planning days and training evenings during the course of the year for the purposes of training, self-evaluation and development. The Board is supported by an Independent Clerk.

Full minutes of all Board meetings, except those deemed to be confidential by the Board, are available on the College website or from the Clerk to the Board at:

Perth College  
Crieff Road  
Perth PH1 2NX

The Clerk to the Board maintains a register of financial and personal interests of the Board members. The Register is available for inspection at the above address or on the College website.

All Board members are able to take independent professional advice in furtherance of their duties at the College's expense and have access to an independent Clerk, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Board as a whole.

Formal agendas, papers and reports are supplied to Board members in a timely manner, prior to meetings. Briefings are also provided on an ad hoc basis.

The Board of Management has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Board of Management considers that each of its non-executive members is independent of

# Perth College – for the year ended 31 July 2018

## ***Accountability Report (continued)***

management and free from any business or other relationship which could materially interfere with the exercise of independent judgment.

Board members are required to self-evaluate collectively as Board and as individually as Board members. The self-evaluation process includes consideration of the performance of the Chair and individual Committee Chairs and of the collective effectiveness of the Board of Management, and individual reflection on their adherence to the Nine Principles' of Public Life.

There is a clear division of responsibility in that the roles of the Chair and Principal are separate.

### **Appointments to the Board of Management**

From 1 August 2014, the authority for appointments to the Board of Management of Perth College resides with the University of the Highlands and Islands and must be made in accordance with Ministerial Guidance on Board Appointments.

The Board of Management ensures that a process is in place to provide appropriate induction training to new Board of Management members and new Board members are expected to undertake induction training.

Members of the Board of Management are appointed for an initial term of office not exceeding 4 years and may be reappointed.

### **Remuneration Committee**

The Remuneration Committee comprises of the Chair, the Vice Chair and the Chair of each of the Standing Committees. The committee is responsible for making recommendations to the Board on the remuneration and benefits of the Principal and the Clerk to the Board.

Details of the remuneration of senior post-holders for the year ended 31 July 2018 are set out in note 7 to the financial statements.

### **Audit Committee**

The Audit Committee comprises at least 4 non-executive members of the Board of Management (excluding the Principal and Chair). The Committee operates in accordance with written terms of reference approved by the Board of Management.

The Audit Committee meets 4 times a year and provides a forum for reporting by the College's external and internal auditor, who have access to the Committee for independent discussion, without the presence of College management.

# Perth College – for the year ended 31 July 2018

## ***Accountability Report (continued)***

The Audit Committee advises the College on the appointment of the internal auditor and the auditor's remuneration. The Audit Committee establishes the College's risk tolerance and monitors risk.

The College's internal auditor monitors the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input, and report their findings to management and the Audit Committee.

Management is responsible for the implementation of agreed audit recommendations and internal audit undertakes periodic follow-up reviews to the Audit Committee to ensure such recommendations have been implemented.

The Audit Committee considers detailed reports together with recommendations for the improvement of the College's systems of internal control and management's responses and implementation plans. It also receives and considers reports from the Scottish Funding Council and Audit Scotland as they affect the College's business and monitors adherence to the regulatory requirements.

## **Finance and General Purposes Committee**

The Finance Committee comprises 4 non-executive members of the Board of Management and includes the Principal. The Committee operates in accordance with written terms of reference approved by the Board of Management.

The Finance Committee meets at least 4 times a year and, among other matters, recommends to the Board of Management the College's annual revenue and capital budgets and monitors performance in relation to approved budgets. It monitors the College's financial and business perspectives. It approves all key financial decisions, approves the annual budget, considers the annual accounts and recommends for approval, oversees the system of financial control and delegated authority. It also considers any other matters relevant to the financial duties of the Board including estates strategy.

## **Corporate Strategy**

The Board of Management is responsible for the overall strategic development of the College and is the guardian of its vision and values. Strategic development takes place at an annual Board of Management away day, with the College's Senior Management Team. This is supported by horizon scanning and futures work and has led to the development of strategic plans underpinned by operational plans. Progress against the agreed strategic priorities in the plan is monitored through a balanced scorecard approach by the appropriate Board committees on a regular basis.

# Perth College – for the year ended 31 July 2018

## *Accountability Report (continued)*

### **Risk Management and Internal Control**

#### **Scope of Responsibility**

The Board of Management is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Management has delegated the day-to-day responsibility to the Principal, as Chief Executive Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets of Perth College including those derived from the Regional Strategic Body. The Principal is also responsible for reporting to the Board of Management any material weaknesses or breakdowns in internal control.

#### **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Perth College for the year ended 31 July 2018 and up to the date of approval of the annual report and accounts.

#### **Capacity to Handle Risk**

The Board of Management has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate these risks. The Board of Management is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2018 and up to the date of approval of the annual report and accounts. The process is regularly reviewed by the Board of Management.

#### **The Risk and Control Framework**

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:



# Perth College – for the year ended 31 July 2018

## ***Accountability Report (continued)***

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Board of Management.
- Regular reviews by the Board of Management of periodic and annual financial reports which indicate financial performance against forecasts.
- Setting targets to measure financial and other performance.
- Clearly defined capital investment control guidelines.
- The adoption of formal project management disciplines, where appropriate.

Perth College appoints an Internal Audit service, which operates in accordance with the requirements of the Scottish Funding Council's mandatory requirements. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Board of Management on the recommendation of the Audit Committee. The Internal Auditor provides the Board of Management with a report on internal audit activity within the College. These reports include the Internal Auditor's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

## **Review of Effectiveness**

As Accountable Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. Her review of the effectiveness of the system of internal control is informed by:

- The work of the internal auditor.
- The work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework.
- The comments made by the College's external auditor in their management letters and other reports.

The Board of Management has been advised on the implications of the review of the effectiveness of internal control by the Audit Committee, which oversees the work of the internal auditor.

The internal audit service concentrates on areas of key activities determined by a risk analysis and in accordance with the annual internal report plan amended and approved and by the Audit Committee. The internal auditor has direct access to the Chair of the Audit Committee and issues an annual report with an opinion of the adequacy, reliability and effectiveness of the College's internal control system.

The Senior Management Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments. The Senior Management Team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements



# Perth College – for the year ended 31 July 2018

## ***Accountability Report (continued)***

for internal control. The Audit Committee considers risk at each Committee meeting and receives a copy of the College Strategic Risk Register which is updated quarterly by the College Senior Management Team. The Board of Management receives reports thereon from the Audit Committee, the emphasis being on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2018 meeting, the Board of Management carried out the annual assessment for the year ended 31 July 2018 by considering documentation from the

Senior Management Team and internal audit, and taking account of events since 31 July 2018.

### **Going Concern**

The Board of Management confirms that they consider the College to be a going concern as described in the Code (section C.1.3) and that the financial statements have been prepared on this basis.

**Approved by order of the members of the Board of Management on 12 December 2018 and signed on its behalf by:**

**Brian Crichton**  
**Chair**

**Dr Margaret Cook**  
**Principal and Chief**  
**Executive**

# Perth College – for the year ended 31 July 2018

## *Accountability Report (continued)*

### **Statement of Responsibilities of the Members of the Board of Management**

The Board of Management are required to present audited financial statements for each financial year.

In accordance with the Further and Higher Education (Scotland) Act 1992 the Board of Management is responsible for the administration and management of the College's affairs, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year.

The Board of Management is responsible for ensuring that proper accounting records are maintained which disclose, with reasonable accuracy at any time, the financial position of the College and enable it to ensure that the financial statements are prepared in accordance with the Further and Higher Education (Scotland) Act 1992, the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions, the relevant Government Financial Reporting Model (FReM) and other relevant accounting standards.

In addition, within the terms and conditions of a Financial Memorandum agreed between the Scottish Funding Council and the College's Board of Management, the Board, through its Chief Executive, the Principal, is required to prepare financial statements for each financial year which give a true and fair view of the College's state of affairs and of the surplus or deficit and cash flows for that year.

In preparing the financial statements, the Board of Management is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare financial statements on a going concern basis, unless it is inappropriate to presume that the College will continue in operation. The Board of Management is satisfied that it has adequate resources to continue in operation for the foreseeable future and for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Board of Management has taken reasonable steps to:

- ensure that funds from the Scottish Funding Council, including those derived through the Regional Strategic Board, are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the College and prevent and detect fraud; and

# Perth College – for the year ended 31 July 2018

## ***Accountability Report (continued)***

- secure the economical, efficient and effective management of the College's resources and expenditure.

The key elements of the College's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative areas;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of key performance indicators and business risks and quarterly reviews of financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board of Management;
- Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and the Finance Committee; and
- a professional Internal Audit team whose annual programme is approved by the Audit Committee and endorsed by the Board of Management, and whose head provides the Board of Management with a report on internal audit activity within the College and an opinion on the adequacy and effectiveness of the College's system of internal control, including internal financial control.

Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

**Approved by order of the member of the Board of Management on 12 December 2018 and signed on its behalf by:**

**Brian Crichton**  
**Chair**

# **Independent auditor's report to the members of the Board of Management of Perth College, the Auditor General for Scotland and the Scottish Parliament**

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

## **Report on the audit of the financial statements**

### **Opinion on financial statements**

We have audited the financial statements in the annual report and accounts of Perth College and its group for the year ended 31 July 2018 under the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Consolidated and College Statement of Comprehensive Income and Expenditure, Consolidated and College Statement of Changes in Reserves, Consolidated and College Balance Sheet, and the Consolidated Cash Flow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council of the state of the affairs of the college and its group as at 31 July 2018 and of the college's surplus and the group's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

### **Basis of opinion**

We conducted our audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the college and its

## **Independent auditor's report to the members of the Board of Management of Perth College, the Auditor General for Scotland and the Scottish Parliament (Continued)**

group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the college has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about its ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Responsibilities of the Board of Management for the Financial Statements**

As explained more fully in the Statement of the Board of Management's Responsibilities, the Board of Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Board of Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Management is responsible for assessing the college's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website

## **Independent auditor's report to the members of the Board of Management of Perth College, the Auditor General for Scotland and the Scottish Parliament (Continued)**

[www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Other information in the annual report and accounts**

The Board of Management is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with our audit of the financial statements in accordance with ISAs (UK), our responsibility is to read all the other information in the annual report and accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Report on regularity of expenditure and income**

#### **Opinion on regularity**

In our opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

#### **Responsibilities for regularity**

The Board of Management is responsible for ensuring the regularity of expenditure and income. We are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

#### **Report on other requirements**

##### **Opinions on other prescribed matters**

We are required by the Auditor General for Scotland to express an opinion on the following matters.

In our opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council.

**Independent auditor's report to the members of the Board of Management of Perth College, the Auditor General for Scotland and the Scottish Parliament (Continued)**

In our opinion, based on the work undertaken in the course of the audit

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the college and its environment obtained in the course of the audit, we have not identified material misstatements in the Performance Report or Governance Statement.

We are required by The Charities Accounts (Scotland) Regulations 2006 to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Stephen Reid, (for and on behalf of Ernst & Young LLP)  
Ernst & Young LLP,  
Atria One  
144 Morrison Street,  
Edinburgh,  
EH3 8EB

Date:

Ernst & Young LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

**Perth College**

**Consolidated and College Statements of Comprehensive Income for the year ended 31 July 2018**

	Notes	Year ended 31 July 2018		Year ended 31 July 2017	
		Group	College	Group	College
		£000	£000	£000	£000
<b>Income</b>					
Funding council grants	2	14,669	14,669	14,420	14,420
Tuition fees and education contracts	3	5,629	3,897	5,737	3,978
Other grants and contracts	4	125	125	154	154
Other income	5	3,602	3,832	11,173	11,175
Investment income	6	3	3	3	3
<b>Total Income</b>		<b>24,028</b>	<b>22,525</b>	<b>31,487</b>	<b>29,730</b>
<b>Expenditure</b>					
Staff costs	7	17,774	16,719	16,858	15,755
Other operating expenses	9	6,596	6,185	7,032	6,417
Depreciation	13	1,081	1,049	1,064	1,030
Interest and other finance costs	10	27	23	39	39
<b>Total Expenditure</b>		<b>25,478</b>	<b>23,975</b>	<b>24,993</b>	<b>23,241</b>
<b>(Deficit)/Surplus before tax</b>		<b>(1,450)</b>	<b>(1,450)</b>	<b>6,494</b>	<b>6,489</b>
Taxation	11	(1)	-	(4)	-
<b>(Deficit)/Surplus for the year</b>	12	<b>(1,451)</b>	<b>(1,450)</b>	<b>6,490</b>	<b>6,489</b>
Actuarial gain in respect of pension schemes	23	7,075	7,075	907	907
<b>Total Comprehensive Income for the year</b>		<b>5,624</b>	<b>5,625</b>	<b>7,397</b>	<b>7,396</b>

The income and expenditure account is in respect of continuing activities. There were no operations that were acquired or discontinued by Perth College during the year.



**Perth College**

**Consolidated and College Statement of Changes in Reserves for the year ended 31 July 2018**

	Income and expenditure reserve	Revaluation reserve	Total
<b>Group</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance at 1st August 2016</b>	(5,355)	14,586	9,231
(Deficit) from the income and expenditure account	6,490	-	6,490
Other comprehensive (expenditure)	907	-	907
Transfers between revaluation and income and expenditure reserves	279	(279)	-
	<u>7,676</u>	<u>(279)</u>	<u>7,397</u>
<b>Balance at 31st July 2017</b>	<b><u>2,321</u></b>	<b><u>14,307</u></b>	<b><u>16,628</u></b>
Surplus from the income and expenditure account	(1 450)	-	(1 450)
Impact of Revaluation		4,001	4,001
Other comprehensive (expenditure) / income	7,075	-	7,075
Transfers between revaluation and income and expenditure reserves	359	(359)	-
	<u>5,984</u>	<u>3,642</u>	<u>9,626</u>
<b>Balance at 31 July 2018</b>	<b><u>8,305</u></b>	<b><u>17,949</u></b>	<b><u>26,254</u></b>
<b>College</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance at 1 August 2016</b>	(5,355)	14,586	9,231
Surplus from the income and expenditure account	6,490	-	6,490
Impact of Revaluation		-	-
Other comprehensive income	907		907
Transfers between revaluation and income and expenditure reserves	279	( 279)	-
	<u>7,676</u>	<u>( 279)</u>	<u>7,397</u>
<b>Balance at 31st July 2017</b>	<b><u>2,321</u></b>	<b><u>14,307</u></b>	<b><u>16,628</u></b>
Deficit from the income and expenditure account	(1 450)	-	(1 450)
Other comprehensive (expenditure) / income	7,075	4,003	4,003
Transfers between revaluation and income and expenditure reserves	359	(359)	-
	<u>5,983</u>	<u>3,644</u>	<u>9,627</u>
<b>Balance at 31 July 2018</b>	<b><u>8,304</u></b>	<b><u>17,951</u></b>	<b><u>26,255</u></b>

**Perth College**  
**Consolidated and College Balance Sheets as at 31 July 2018**

	Notes	Group 2018	College 2018	Group 2017	College 2017
		£000	£000	£000	£000
<b>Non current assets</b>					
Tangible fixed assets	13	36,533	36,375	33,611	33,421
Investments	14		20		20
		<b>36,533</b>	<b>36,395</b>	<b>33,611</b>	<b>33,441</b>
<b>Current assets</b>					
Stock		19	15	18	14
Trade and other receivables	15	1,194	971	1,172	884
Cash and cash equivalents	22	2,188	1,522	1,411	852
		<b>3,401</b>	<b>2,507</b>	<b>2,601</b>	<b>1,751</b>
<b>Less: Creditors - amounts falling due within one year</b>	17	(5,528)	(4,500)	(4,842)	(3,824)
<b>Net current (liabilities)</b>		<b>(2,128)</b>	<b>(1,993)</b>	<b>(2,241)</b>	<b>(2,073)</b>
<b>Total assets less current liabilities</b>		<b>34,405</b>	<b>34,402</b>	<b>31,370</b>	<b>31,368</b>
<b>Creditors - amounts falling due after more than one year</b>	18	(5,266)	(5,266)	(5,763)	(5,763)
<b>Pension provision</b>	20	(2,883)	(2,883)	(8,979)	(8,979)
<b>Total net assets</b>		<b>26,254</b>	<b>26,254</b>	<b>16,628</b>	<b>16,626</b>
<b>Unrestricted Reserves</b>					
Revaluation reserve		17,949	17,949	14,307	14,307
Designated reserve		500	500	500	500
Pension reserve	23	(2,883)	(2,883)	(8,979)	(8,979)
Income and expenditure reserve		10,688	10,688	10,800	10,800
<b>Total unrestricted reserves</b>		<b>26,254</b>	<b>26,254</b>	<b>16,628</b>	<b>16,626</b>

The financial statements on pages 31 to 58 were approved by the Board of Management on 12 December 2018 and were signed on its behalf by:

**G Myles - Chair**

**Dr M Cook - Principal and Chief Executive**

**Perth College**

**Consolidated Statement of Cash Flows for the year ended 31 July 2018**

	Notes	Year ended 31 July 2018	Year ended 31 July 2017
		£000	£000
<b>Cash flow from operating activities</b>			
(Deficit) / Surplus for the year		(1 451)	6,490
<b>Adjustment for non-cash items</b>			
Depreciation	13	1,081	1,064
Deferred capital grants released to income		(197)	(7,502)
(Increase) in stocks		(1)	(3)
(Increase)/Decrease in debtors		( 22)	704
Increase/(Decrease) in creditors		787	(1,203)
(Decrease) in provisions		-	-
Pension costs less contribution payable		979	817
Taxation		1	4
<b>Adjustment for investing or financing activities</b>			
Interest receivable	6	(3)	(3)
Interest payable	10	27	41
<b>Net cash flow from operating activities</b>		<u>1,201</u>	<u>409</u>
<b>Cash flows from investing activities</b>			
Deferred capital grant		-	755
Payments made to acquire fixed assets		-	(1,897)
		<u>-</u>	<u>(1 142)</u>
<b>Cash flows from financing activities</b>			
Interest received		3	3
Interest paid		(27)	(41)
Repayments of amounts borrowed		(400)	(400)
		<u>(424)</u>	<u>(438)</u>
<b>Increase/(Decrease) in cash and cash equivalents in the year</b>	22	<u><u>777</u></u>	<u><u>(1 171)</u></u>
<b>Cash and cash equivalents at beginning of the year</b>		<b>1,411</b>	<b>2,582</b>
<b>Cash and cash equivalents at end of the year</b>		<b>2,188</b>	<b>1,411</b>

## Notes to the Accounts for the year ended 31 July 2018

### 1. Statement of Accounting Policies and estimation techniques

#### Basis of preparation

The financial statements are prepared in accordance with the Further and Higher Education (Scotland) Act 1992, the Accounts Directions issued thereunder by the Scottish Funding Council, which requires compliance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP), and the relevant Government Financial Reporting Model (FReM).

The statements have also been prepared in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS102).

The College has taken advantage of the exemptions provided in FRS 102 1.12 and the 2015 FE HE SORP 3.3, and has not included a separate statement of its own cash flows. These cash flows are included within the Consolidated Statement of Cash Flows, and the College balance sheet discloses cash at both the current and preceding reporting dates.

#### Basis of accounting

The financial statements have been prepared under the historic cost convention.

#### Basis of consolidation

The consolidated accounts include the financial statements of the College and its subsidiary undertaking made up to 31 July 2018. Intra group sales and profits are eliminated fully on consolidation.

#### Non-current assets - Tangible fixed assets

##### Land and buildings

Land and buildings inherited from Tayside Regional Council are stated in the balance sheet at a value based on the depreciated replacement cost basis. Land and Buildings acquired since incorporation are included in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Revaluations will be carried out in accordance with the applicable FReM. Feuhold land associated with the buildings and undeveloped feuhold land is not depreciated. Buildings are depreciated over their economic life on a straight line basis to the College of between 20 to 50 years.

Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. Government grants are credited to a deferred capital grant account and are released to the Statement of Comprehensive Income over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. Non-government grants are released to income when performance related conditions have been met. The deferred income is allocated between creditors due within one year and those due after more than one year.

## Notes to the Accounts for the year ended 31 July 2018

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable

### Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July. They are not depreciated until they are brought into use.

### Equipment

Equipment purchased as part of a capital building project is capitalised and depreciated over its useful economic life. Individual items of equipment purchased with values greater than £1,000 are capitalised at cost if deemed to have a minimum economic useful life of 3 years and not regarded as a repair to existing assets. Capitalised equipment is depreciated on a straight line basis over its useful economic life as follows:

Motor vehicles and general equipment	10%, 25% and 33% per year
Computer equipment	20% and 25% per year

Where equipment is acquired with the aid of specific government grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the Statement of Comprehensive Income over the expected useful economic life of the related equipment.

### Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

### Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

### Leased assets

Rental costs in respect of operating leases are charged to expenditure at the cost incurred during the year. Leasing arrangements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements.

## Notes to the Accounts for the year ended 31 July 2018

The capital element is applied to reduce the outstanding obligations and the interest element is charged to the Statement of Comprehensive Income in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets. Assets held under hire purchase contracts, which have the characteristics of finance leases, are depreciated over their useful economic lives.

### Investments

Fixed asset investments are carried at historical cost less any provision for a permanent diminution in their value.

### Recognition of Income

Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs. Income from tuition fees is recognised in the period for which it is received. Income from donations is included to the extent of the relevant expenditure incurred during the year. Recurrent grants from the SFC are recognised in the period to which they relate.

Capital grants from SFC or other government bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets, under the accrual method as permitted by FRS102.

Grants from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

### Accounting for post-employment benefits

The College participates in 2 multi-employer defined benefit pension schemes.

Teaching staff may join the Scottish Teachers' Superannuation Scheme (STSS), which is administered by the Scottish Public Pensions Agency (SPPA). Perth College is unable to identify its share of the underlying assets and liabilities of the STSS on a consistent and reasonable basis and therefore, as permitted by FRS102, applies multi-employer exemption and accounts for its participation in the STSS as if it were a defined contribution scheme. The contributions are determined by qualified actuaries on the basis of periodic valuations and are recognised in the accounting periods in which they arise.

Administrative and support staff may join the Local Government Pension Scheme (LGPS) which is administered by Dundee City Council. The fund is a defined benefit scheme, providing benefits based on a career average revalued earnings (CARE) basis, which is contracted out of the State Earnings-Related Pension Fund.

## Notes to the Accounts for the year ended 31 July 2018

The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. Qualified actuarial valuations are obtained annually and are updated at each balance sheet date.

The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other comprehensive income.

### Short term employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

### Stocks

Stocks are items held for resale and are stated at the lower of their cost or net realisable value. Where necessary provision is made for obsolete, slow moving and defective stocks.

### Cash and Cash Equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

### Financial Liabilities and Equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

## Notes to the Accounts for the year ended 31 July 2018

All loans, investments and short term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Group has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

### Foreign Currency Translation

Transactions denominated in foreign currencies are recorded at the exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at year end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the year.

### Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

The College's subsidiary company, Air Service Training (Engineering) Limited is subject to corporation tax and VAT in the same way as any other commercial organisation. Tax relief is available on Air Service Training (Engineering) Limited's profits that are gift aided to the College.

### Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.



## Notes to the Accounts for the year ended 31 July 2018

### Provisions

Provisions are recognised when the institution has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

### Revaluation reserve

Surpluses arising on the revaluation of the College's properties are transferred to the revaluation reserve. Additional depreciation charged on the revalued amount of these assets is transferred from revaluation reserve to the Income and Expenditure reserve together with any surplus or deficit on disposal.

### Agency arrangements

The College acts as an agent in the collection and payment of certain Student Support Funds. These funds are excluded from the Statement of Comprehensive Income, and movements have been disclosed in the notes to the accounts. Where the College has more discretion in the manner in which specific funds are disbursed, and these funds do not meet the definition of agency funds, the income and expenditure relating to those funds are shown in the College Statement of Comprehensive Income.

### Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, management have made the following judgements:

- Determine whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

### Other key sources of estimation uncertainty

- Tangible fixed assets

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

## Notes to the Accounts for the year ended 31 July 2018

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 July 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

- Post Balance Sheet Events

As a result of a High Court decision on 26 October 2018, pension schemes which have members with Guaranteed Minimum Pensions (GMPs) must take action to address inequalities in those GMPs if they were contracted-out of the State scheme between 1978 and 1997. The University / College considers it is likely that this ruling will impact the defined benefit scheme in which it is a participating employer and may result in the recognition of additional liabilities. As a consequence of this ruling, trustees of pension schemes will need to consider the integrity of their pension scheme data, the adjustments to benefits that may be necessary and any implications for scheme liabilities and funding. The High Court ruling on 26 October 2018 creates an obligation on that date for the Trustees to amend the scheme rules to reflect the consequences of the ruling. Therefore this is considered to be a non-adjusting event after the reporting period. The calculation of any additional liabilities will be a complex and lengthy process and as such the financial effect of any adjustment that may arise cannot be estimated at this stage. Any adjustment will be reflected in the financial statements for the year ended 31 July 2019.

**Perth College**  
**Notes to the Accounts for the year ended 31 July 2018**

**2 Funding Council grants**

	<b>Year ended 31 July 2018 £000</b>	<b>Year ended 31 July 2017 £000</b>
SFC FE recurrent grant (including fee waiver)	7,073	6,867
University of the Highlands and Islands recurrent grant	6,129	6,069
FE Childcare funds (note 30)	489	458
Release of government capital grants	197	197
Other SFC grants	427	203
Other University of the Highlands and Islands grants	354	626
	<b><u>14,669</u></b>	<b><u>14,420</u></b>

**3 Tuition fees and education contracts**

	<b>Year ended 31 July 2018 £000</b>	<b>Year ended 31 July 2017 £000</b>
UK Higher Education students	3,185	3,132
UK Further Education students	487	466
	<b><u>3,672</u></b>	<b><u>3,598</u></b>
Management of Skills Development Scotland contract	225	380
Tuition fees of subsidiary	1,732	1,759
	<b><u>5,629</u></b>	<b><u>5,737</u></b>

**4 Other grants and contracts**

	<b>Year ended 31 July 2018 £000</b>	<b>Year ended 31 July 2017 £000</b>
Research grants	125	154
	<b><u>125</u></b>	<b><u>154</u></b>

**Perth College**  
**Notes to the Accounts for the year ended 31 July 2018**

**5 Other income**

	Year ended 31 July 2018	Year ended 31 July 2017
	£000	£000
Residences and catering	1,081	1,091
Other income generating activities	1,596	1,849
Releases from deferred capital grants (non Funding Council)	-	7,305
Other income	925	928
	<b>3,602</b>	<b>11,173</b>

**6 Investment income**

	Year ended 31 July 2018	Year ended 31 July 2017
	£000	£000
Interest receivable	3	3
	<b>3</b>	<b>3</b>

**7 Staff costs**

	Year ended 31 July 2018	Year ended 31 July 2017
	Number	Number
The average monthly number of persons (including senior post-holders) employed by the College during the year, expressed as full-time equivalents, was:		
Teaching departments - teaching staff	188	191
Teaching departments - other staff	61	63
Teaching support services	43	43
Administration and central services	46	45
Premises	42	40
Subsidiary (AST) staff	27	29
Other	14	13
	<b>421</b>	<b>424</b>
Analysed as:		
Staff on indefinite contracts	353	356
Staff on temporary contracts	68	68
	<b>421</b>	<b>424</b>

**Perth College**  
**Notes to the Accounts for the year ended 31 July 2018**

**7 Staff costs (continued)**

**Staff costs for these persons:**

	<b>Year ended 31 July 2018</b>	<b>Year ended 31 July 2017</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	13,548	12,816
Social security costs	1,243	1,216
Other pension costs	2,983	2,826
	<b><u>17,774</u></b>	<b><u>16,858</u></b>
Teaching departments - teaching staff	8,957	8,604
Teaching departments - other staff	1,452	1,223
Teaching departments - AST staff	611	976
Teaching support services	1,387	1,398
Administration and central services	2,392	2,123
Premises	1,137	949
Other income generating activities	859	768
Charge in relation to defined benefit pension	979	817
	<b><u>17,774</u></b>	<b><u>16,858</u></b>
Analysed as:		
Staff on indefinite contracts	14,602	13,662
Staff on temporary contracts	2,193	2,379
Charge in relation to defined benefit pension	979	817
	<b><u>17,774</u></b>	<b><u>16,858</u></b>

The number of staff, including senior post-holders and the principal, who received emoluments in the following ranges was:

	<b>Year ended 31 July 2018 Number Senior post- holders</b>	<b>Number Other Staff</b>	<b>Year ended 31 July 2017 Number Senior post- holders</b>	<b>Number Other Staff</b>
£60,001 to £70,000	-	-	-	2
£70,001 to £80,000	-	4	-	2
£80,001 to £90,000	-	-	3	-
£90,001 to £100,000	1	-	-	-
£110,001 to £120,000	-	-	-	-
£120,000 to £130,000	1	-	-	-
£130,001 to £140,000	-	-	1	-
	<b><u>2</u></b>	<b><u>4</u></b>	<b><u>4</u></b>	<b><u>4</u></b>

**Perth College**  
**Notes to the Accounts for the year ended 31 July 2018**

**8 Senior post-holders' emoluments**

	<b>Number 2018</b>	<b>Number 2017</b>
The number of senior post-holders including the Principal was:	4	4
Senior post-holders' emoluments are made up as follows:	<b>£000</b>	<b>£000</b>
Salaries	224	353
Pension contributions	38	59
	<u><b>262</b></u>	<u><b>412</b></u>

The above emoluments include amounts payable to the Principal (who is also the highest paid senior post-holder) of:

	<b>Year ended 31 July 2018</b>	<b>Year ended 31 July 2017</b>
	<b>£000</b>	<b>£000</b>
Salary	<u>105</u>	<u>113</u>
	<u><b>105</b></u>	<u><b>113</b></u>
Pension contributions	<u>18</u>	<u>19</u>

The pension contributions in respect of the Principal and senior post-holders are in respect of employer's contributions to the Scottish Teachers Superannuation Scheme or Tayside Superannuation Scheme and are paid at the same rate as for other employees.

The members of the Board of Management other than the Principal and the staff members did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

No pay award was paid during the year to senior post holders, including the Principal and other senior management staff. No bonuses were paid or payable to senior post holders for 2017/18.

**Perth College**  
**Notes to the Accounts for the year ended 31 July 2018**

**9 Other operating expenses**

	Year ended 31 July 2018	Year ended 31 July 2017
	£000	£000
Teaching departments	898	1,067
Teaching support services	467	597
Administration and central services	1,456	1,410
Premises costs	1,808	1,926
Other income generating activities	413	572
Catering and residence operations	1,065	1,002
Other expenses - Childcare Grant	489	458
	<b><u>6,596</u></b>	<b><u>7,032</u></b>

**Other operating expenses include:**

	Year ended 31 July 2018	Year ended 31 July 2017
	£000	£000
Auditors' remuneration:		
external audit	17	15
internal audit	13	11
other services from external audit	2	5
other services from internal audit	-	4
Hire of plant and machinery - operating leases	95	95
Hire of other assets - operating leases	<b><u>164</u></b>	<b><u>167</u></b>

**10 Interest payable**

	Year ended 31 July 2018	Year ended 31 July 2017
	£000	£000
On bank loans, overdrafts and other loans:		
Repayable within 5 years, not by instalments	<b><u>27</u></b>	<b><u>41</u></b>

**11 Taxation**

The College is not liable for any corporation tax arising out of its activities during the year (2017 - £nil).  
There is a taxation debit arising in its subsidiary of £1k ( 2017 - £17k debit) , in relation to taxation.

**12 (Deficit)/Surplus on continuing operations for the year**

The (Deficit)/Surplus on continuing operations for the year is made up as follows:

	Year ended 31 July 2018	Year ended 31 July 2017
	£000	£000
College's (Deficit)/Surplus for the year	(1,657)	1
(Deficit)/Surplus generated by subsidiary undertaking	206	1
	<b><u>(1,451)</u></b>	<b><u>2</u></b>

**Perth College**  
**Notes to the Accounts for the year ended 31 July 2018**

**13 Tangible Fixed Assets (Group)**

	<b>Freehold Land and Buildings £000</b>	<b>Equipment £000</b>	<b>Total £000</b>
<b>Cost or Valuation</b>			
At 1 August 2017	35,580	5,030	40,610
Additions	1,627	-	1,627
<b>At 31 July 2018</b>	<b><u>37,207</u></b>	<b><u>5,030</u></b>	<b><u>42,237</u></b>
<b>Depreciation</b>			
At 1 August 2017	2,387	4,612	6,999
Charge for year	(1 385)	90	(1 295)
<b>At 31 July 2018</b>	<b><u>1,002</u></b>	<b><u>4,702</u></b>	<b><u>5,704</u></b>
<b>Net book value At 31 July 2018</b>	<b><u>36,205</u></b>	<b><u>328</u></b>	<b><u>36,533</u></b>
<b>Net book value At 1 August 2017</b>	<b><u>33,193</u></b>	<b><u>418</u></b>	<b><u>33,611</u></b>
Inherited	5,749	-	5,749
Financed by capital grant	5,160	107	5,266
Other	25,296	252	25,549
<b>Net book value At 31 July 2018</b>	<b><u>36,205</u></b>	<b><u>359</u></b>	<b><u>36,564</u></b>

A full revaluation of Perth College Group land and buildings was completed during 2017/18. This was completed by J & E Shepherd Chartered Surveyors, an independent valuer with a recognised and relevant professional qualification and recent experience in the valuation of the category of building being valued.

The valuation was conducted on the Depreciated Replacement Cost basis in accordance with the Appraisal & Valuation manual of the Royal Institution of the Chartered Surveyors.



**Perth College**  
**Notes to the Accounts for the year ended 31 July 2018**

**13 Tangible Fixed Assets (College only)**

	<b>Freehold Land and Buildings £000</b>	<b>Equipment £000</b>	<b>Total £000</b>
<b>Cost or Valuation</b>			
At 1 August 2017	35,580	4,408	39,988
Additions	1,627	-	1,627
<b>At 31 July 2018</b>	<b>37,207</b>	<b>4,408</b>	<b>41,615</b>
<b>Depreciation</b>			
At 1 August 2017	2,387	4,180	6,566
Charge for year	(1 385)	59	(1 326)
<b>At 31 July 2018</b>	<b>1,002</b>	<b>4,238</b>	<b>5,240</b>
<b>Net book value At 31 July 2018</b>	<b>36,205</b>	<b>170</b>	<b>36,375</b>
<b>Net book value At 1 August 2017</b>	<b>33,193</b>	<b>228</b>	<b>33,421</b>
Inherited	5,749	-	5,749
Financed by capital grant	5,160	107	5,266
Other	25,296	63	25,359
<b>Net book value At 31 July 2018</b>	<b>36,205</b>	<b>170</b>	<b>36,375</b>

Land and buildings were revalued during the year and depreciated replacement cost by J & E Shepherd (Chartered Surveyors). Other tangible fixed assets inherited from the Local authority at incorporation have not been valued.

Inherited Land and buildings with a net book value of £5.7M have been financed by exchequer funds. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the Scottish Funding Council to surrender the proceeds.

**Perth College**  
**Notes to the Accounts for the year ended 31 July 2018**

**13 Tangible Fixed Assets (College only) (continued)**

If inherited land and buildings had not been valued they would have been included at the following amounts:

	<b>£000</b>
Cost	-
Aggregate depreciation based on cost	-
Net book value based on cost	<u>-</u>

**14 Investments**

	<b>College Year ended 31 July 2018 £000</b>	<b>College Year ended 31 July 2017 £000</b>
Investments in subsidiary company	<u>20</u>	<u>20</u>

The college owns 100% of the issued ordinary £1 shares of Air Service Training (Engineering) Limited, a company incorporated in Great Britain and registered in Scotland.

The principal business activity of Air Service Training (Engineering) Limited is the provision of training and education in the field of aeronautical engineering.

In the year to 31st July 2018, the Company made an operating profit before tax of £206k and had a net asset position of £23k at that date.

**15 Debtors**

	<b>Group Year ended 31 July 2018 £000</b>	<b>College Year ended 31 July 2018 £000</b>	<b>Group Year ended 31 July 2017 £000</b>	<b>College Year ended 31 July 2017 £000</b>
<b>Amounts falling due within one year</b>				
Trade Debtors	738	340	506	249
Amounts owed by group undertakings:				
Subsidiary undertaking	-	234	-	20
Prepayments and accrued income	455	397	666	615
	<u>1,194</u>	<u>971</u>	<u>1,172</u>	<u>884</u>

**Perth College**  
**Notes to the Accounts for the year ended 31 July 2018**

**16 Deferred taxation**

	Group Year ended 31 July 2018 £000	College Year ended 31 July 2018 £000	Group Year ended 31 July 2017 £000	College Year ended 31 July 2017 £000
The deferred tax included in the Balance Sheet is as follows:				
Included in debtors/creditors (Note 15/17)	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>
The movement in the deferred taxation account during the year was:				
At 1 August 2016	-	-	-	-
Profit and loss account movement arising during the year	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 July 2017	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>
The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:				
Other timing differences	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**17 Creditors - amounts falling due within one year**

	Group Year ended 31 July 2018 £000	College Year ended 31 July 2018 £000	Group Year ended 31 July 2017 £000	College Year ended 31 July 2017 £000
Bank loans and overdrafts	300	300	400	400
Trade creditors	511	459	458	411
Amounts owed to group undertakings:				
Other creditors	208	179	169	154
Other taxation and social security	326	299	339	310
Accruals and deferred income	3,694	2,772	3,000	2,073
Deferred income - capital grants	197	197	197	197
Unspent student support funds	<u>293</u>	<u>293</u>	<u>279</u>	<u>279</u>
	<u>5,528</u>	<u>4,500</u>	<u>4,842</u>	<u>3,824</u>

**18 Creditors - amounts falling due after more than one year**

	Group Year ended 31 July 2018 £000	College Year ended 31 July 2018 £000	Group Year ended 31 July 2017 £000	College Year ended 31 July 2017 £000
Bank of Scotland term loan	-	-	300	300
Deferred income - capital grants	<u>5,266</u>	<u>5,266</u>	<u>5,463</u>	<u>5,463</u>
	<u>5,266</u>	<u>5,266</u>	<u>5,763</u>	<u>5,763</u>

**19 Borrowings**

	Group Year ended 31 July 2018 £000	College Year ended 31 July 2018 £000	Group Year ended 31 July 2017 £000	College Year ended 31 July 2017 £000
<b>Repayable loans</b>				
The Repayable loans are repayable as follows:				
In one year or less	300	300	400	400
Between one and two years	-	-	300	300
Between two and five years	-	-	-	-
	<u>300</u>	<u>300</u>	<u>700</u>	<u>700</u>

The term loan taken out with the Bank of Scotland is secured over the property known within the Standard Security as the Student Accommodation, Perth College, Brahan Campus, Crieff Road, Perth. The loan is repayable over 5 years and carries an interest rate of 4.38% p.a.

**Perth College**  
**Notes to the Accounts for the year ended 31 July 2018**

**20 Pension Provisions**

	<b>Group and College</b>	
	<b>Year ended 31 July 2018</b>	<b>Year ended 31 July 2017</b>
	<b>£000</b>	<b>£000</b>
At 1 August	8,979	9,069
Movement	<u>(6,096)</u>	<u>(90)</u>
At 31 July	<u><u>2,883</u></u>	<u><u>8,979</u></u>

The provision is solely in relation to defined benefit obligations relating to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in note 23.

**21 Deferred capital grants included within creditors**

	<b>Government £000</b>	<b>Non Government £000</b>	<b>Total £000</b>
<b>Balance at 1 August</b>			
Land and buildings	686	4,852	5,538
Equipment	37	85	122
<b>Cash received</b>			
Land and buildings	-	-	-
<b>Released to income and expenditure account</b>			
Land and buildings	(182)	0	(182)
Equipment	(15)	-	(15)
<b>At 31 July</b>			
Land and buildings	<u>504</u>	<u>4,852</u>	<u>5,356</u>
Equipment	<u>22</u>	<u>85</u>	<u>107</u>
	<u><u>526</u></u>	<u><u>4,937</u></u>	<u><u>5,463</u></u>

**22 Cash and cash equivalents**

	<b>At 1 August 2017 £000</b>	<b>Cash flows £000</b>	<b>At 31 July 2018 £000</b>
Group Cash and cash equivalents	1,411	777	2,188
College Cash and cash equivalents	852	669	1,522

**Perth College**  
**Notes to the Accounts for the year ended 31 July 2018**

**23 Defined benefit obligations**

The College's employees belong to two principal post-employment benefit schemes: the Scottish Teachers' Superannuation Scheme (STSS) and Tayside Superannuation Scheme, the Local Government Pension Scheme (LGPS), which is managed by Dundee City Council. Both are multi-employer defined-benefit schemes.

<b>Total pension cost for the year</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Scottish Teachers' Superannuation Scheme: contributions paid	1,118	1,068
Local Government Pension Scheme:		
Contributions paid	920	871
FRS102 (28) charge	<u>979</u>	<u>817</u>
Charge to the Statement of Comprehensive Income	1,899	1,688
<b>Total pension cost for year within staff costs</b>	<u><u>3,017</u></u>	<u><u>2,756</u></u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal valuation of the STSS was 31 March 2012 and of the LGPS 31 March 2014.

**Scottish Teachers' Superannuation Scheme**

The STSS is an unfunded multi-employer defined benefit scheme. It is accepted that the treatment can be as a defined contribution scheme as the STSS is unable to identify its share of the underlying assets and liabilities of the scheme. As the scheme is unfunded there can be no surplus or shortfall. Pension contribution rates will be set by the schemes actuaries at a level to meet the costs of the pensions as they accrue.

Under the definitions set out in FRS102 (28.11), the STSS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the College has taken advantage of the exemption in FRS102 and has accounted for its contributions as if it were a defined contribution scheme.

The current contribution paid by Perth College for the year was 17.2%.

**Local Government Pension Scheme (Tayside Superannuation Fund)**

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contributions made for the year ended 31 July 2018 were £1,217k, of which employer's contributions totalled £920k and employee's contributions totalled £297k. The agreed contribution rates for future years are 17% for employers and range from 5.5% to 11.2% for employees, depending on salary.

In previous years the College claimed multi-employer exemption in relation to its participation in the Tayside Superannuation Fund and as such did not apply the provisions of the previous reporting standard FRS17 (Retirement Benefits). On transition to FRS102 the College has fully applied the accounting provisions in relation to defined benefit plan pension costs. This is consistent with other employers within the fund and reflects actuarial advice that scheme assets can be tracked in a consistent and reasonable basis.

**Perth College**  
**Notes to the Accounts for the year ended 31 July 2018**

**Principal actuarial assumptions**

The following information is based upon a full actuarial valuation of the fund at 31 March 2014 updated to 31 July 2018 by a qualified independent actuary.

	<b>At 31 July 2018</b>	<b>At 31 July 2017</b>
Discount rate	2.65%	2.7%
Pension increases	2.35%	2.7%
Salary increases	3.35%	3.7%
Inflation assumption (CPI)	2.35%	2.7%
Commutation of pensions to lump sums	50%	50%

The assumed life expectations from age 65 are:

	<b>At 31 July 2018</b>	<b>At 31 July 2017</b>
	<b>years</b>	<b>years</b>
<i>Retiring today</i>		
Males	20.3	21.5
Females	22.3	23.5
<i>Retiring in 20 years</i>		
Males	22.1	23.7
Females	24.1	25.8

The College's estimated share of assets in the scheme at the balance sheet date were:

	<b>Fair value as at</b>	
	<b>31 July 2018</b>	<b>31 July 2017</b>
	<b>£000</b>	<b>£000</b>
Equities	20,653	17,944
Gilts	1,576	1,688
Other bonds	3,200	2,680
Property	3,494	2,549
Cash	475	316
Alternatives	7	-
<b>Total fair value of scheme assets</b>	<b>29,405</b>	<b>25,177</b>

The return on the Fund for the year to 31 July 2019 is estimated to be 11%

<b>Actual return on scheme assets</b>	<b>2,897</b>	<b>3,337</b>
---------------------------------------	--------------	--------------

**Perth College**

**Notes to the Accounts for the year ended 31 July 2018**

**The amount included in the balance sheet in respect of the defined benefit pension scheme is as follows:**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Fair value of scheme assets	29,405	25,177
Present value of scheme liabilities	(31,046)	(32,720)
Present value of unfunded liabilities	(1,242)	(1,436)
<b>Net pensions (liability) (Note 20)</b>	<b><u>(2,883)</u></b>	<b><u>(8,979)</u></b>

**Amounts recognised in the Statement of Comprehensive Income in respect of the scheme are as follows:**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
<b>Amounts included in staff costs</b>		
Current service cost	1,657	1,452
Finance charges	230	225
Admin expenses	12	11
<b>Total</b>	<b><u>1,899</u></b>	<b><u>1,688</u></b>

**Amounts included in investment income**

Net interest income	-	-
	<u>-</u>	<u>-</u>

**Amount recognised in Other Comprehensive Income**

Return on scheme assets in excess of interest	2,209	2,775
Change in financial assumptions	2,070	(1,831)
Experience (loss)/gain on defined benefit obligation	333	(37)
Other Actuarial Gains/Losses	749	
Change in Demographic Assumptions	1,714	
<b>Amount recognised in Other Comprehensive Income</b>	<b><u>7,075</u></b>	<b><u>907</u></b>

**Movement in net defined benefit (liability) during the year**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Net defined benefit (liability) in scheme at 1 August	(8,979)	(9,069)
Movement in year:		
Current service cost	(1,657)	(1,452)
Employer contributions	920	871
Net interest on the defined (liability)	(230)	(225)
Administration expenses	(12)	(11)
Actuarial gain or loss	7,075	907
<b>Net defined benefit (liability) at 31 July</b>	<b><u>(2,883)</u></b>	<b><u>(8,979)</u></b>

**Perth College**  
**Notes to the Accounts for the year ended 31 July 2018**

**Asset and liability reconciliation**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	34,156	30,478
Current service cost	1,657	1,452
Interest cost	918	787
Change in financial assumptions	(2,070)	1,831
Change in demographic assumptions	(1,714)	
Experience loss on defined benefit obligations	(333)	37
Estimated benefits paid net of transfers in	(513)	(597)
Contributions by Scheme participants and other employers	297	276
Unfunded pension payments	(110)	(108)
<b>Defined benefit obligations at end of period</b>	<b><u>32,288</u></b>	<b><u>34,156</u></b>

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
<b>Changes in fair value of Fund assets</b>		
<b>Fair value of Fund assets at start of period</b>	25,177	21,409
Interest on assets	688	562
Return on assets less interest	2,209	2,775
Other Actuarial Gains/Losses	749	
Administration expenses	(12)	(11)
Contributions by employer including unfunded	920	871
Contributions by Scheme participants and other employers	297	276
Estimated benefits paid plus unfunded net of transfers in	(623)	(705)
<b>Fair value of Fund assets at end of period</b>	<b><u>29,405</u></b>	<b><u>25,177</u></b>



**Perth College**  
**Notes to the Accounts for the year ended 31 July 2018**

**24 Post balance sheet events**

There are no post balance sheet events to report.

As a result of a High Court decision on 26 October 2018, pension schemes which have members with Guaranteed Minimum Pensions (GMPs) must take action to address inequalities in those GMPs if they were contracted-out of the State scheme between 1978 and 1997. The University / College considers it is likely that this ruling will impact the defined benefit scheme in which it is a participating employer and may result in the recognition of additional liabilities. As a consequence of this ruling, trustees of pension schemes will need to consider the integrity of their pension scheme data, the adjustments to benefits that may be necessary and any implications for scheme liabilities and funding. The High Court ruling on 26 October 2018 creates an obligation on that date for the Trustees to amend the scheme rules to reflect the consequences of the ruling. Therefore this is considered to be a non-adjusting event after the period. The calculation of any additional liabilities will be a complex and lengthy process and as such the financial effect of any adjustment that may arise cannot be estimated at this stage. Any adjustment will be reflected in the financial statements for the year ended 31 July 2019.

**25 Capital commitments**

	<b>Group and College</b>	
	<b>Year ended 31 July 2018 £000</b>	<b>Year ended 31 July 2017 £000</b>
Commitments contracted for at 31 July	-	-
Authorised but not contracted for at 31 July	-	-

**26 Lease obligations**

At 31 July the College had minimum lease payments under non-cancellable operating leases as follows:

	<b>Group Year ended 31 July 2018 £000</b>	<b>College Year ended 31 July 2018 £000</b>	<b>Group Year ended 31 July 2017 £000</b>	<b>College Year ended 31 July 2017 £000</b>
<b>Future minimum lease payments due</b>				
<b>Land and Buildings</b>				
Expiring within one year	138	30	138	30
Expiring within two and five years inclusive	-	-	138	30
<b>Other</b>				
Expiring within one year	76	76	25	25
Expiring within two and five years inclusive	-	-	76	76
<b>Total</b>	<b>214</b>	<b>106</b>	<b>377</b>	<b>161</b>

**27 Contingent liability**

The College and Air Service Training (Engineering) Limited has executed a Corporate Guarantee under which each Borrower guarantees the payment of all Indebtedness now or in the future owing by each Borrower to Bank of Scotland.

**Perth College**  
**Notes to the Accounts for the year ended 31 July 2018**

**28 Related party transactions**

Due to the nature of the College's operations and the composition of the Board of Management (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Board of Management may have an interest. All transactions involving organisation in which a member of the board of governors may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. Transactions during the year with non-public bodies in which a member of the Board of Management may have a material interest and which in aggregate exceeded £5,000 are noted below:

<b>Company</b>	<b>Member(s)</b>	<b>Contract</b>	<b>Year ended</b>	<b>Year ended</b>
			<b>31 July 2018</b>	<b>31 July 2017</b>
			<b>£000</b>	<b>£000</b>

None to disclose

\*The Perth College Development Trust 2004 was established to provide financial and other assistance for Perth College and its students. There are therefore transactions between the two entities. Perth College nominates Trustees to the board of the Trust and administers the Trust on a day to day basis.

## 29 Bursaries and other student support funds

					Year ended 31-Jul-18 Total £000	Year ended 31-Jul-17 Total £000
	Bursary £000	FE H'ship £000	EMAs £000	Other £000		
<b>Balance brought forward</b>	160	38	-	6	204	120
Allocation received in year	2,100	81	137	112	2,430	2,485
Expenditure	(2,100)	(81)	(137)	(112)	(2,430)	(2,254)
Repaid to SFC/UHI (Clawback)	-	-	-	-	-	(91)
Virements	-	-	-	-	-	(56)
<b>Balance carried forward</b>	<u>160</u>	<u>38</u>	<u>( 0)</u>	<u>6</u>	<u>204</u>	<u>204</u>
<b>Represented by:</b>						
Repayable to SFC/UHI as clawback	160	20	-	6		
Retained by College for students	-	18	-	-		

Bursary funds, Higher Education Hardship, Further Education Hardship and Education Maintenance Allowances (EMAs) are available solely for students; the college acts only as a paying agent. The income and related disbursements are therefore excluded from the Income and Expenditure Account.

## 30 Childcare funds

	Year ended 31-Jul-18 Total £000	Year ended 31-Jul-17 Total £000
<b>Balance brought forward</b>	63	35
Allocation received in year	489	429
Expenditure	(489)	(457)
Repaid to SFC (Clawback)	-	-
Virements		56
<b>Balance carried forward</b>	<u>63</u>	<u>63</u>
<b>Represented by:</b>		
Repayable to SFC as clawback	28	28
Retained by College for students	35	35

The income and related disbursements are included in the Income and Expenditure Account.

## Appendix 1

### **2017-18 Accounts direction for Scotland's colleges**

1. It is the Scottish Funding Council's direction that colleges comply with the 2015 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) in preparing their annual report and accounts.
2. Colleges must comply with the accounts direction in the preparation of their annual report and accounts in accordance with the Financial Memorandum with the Scottish Funding Council (SFC) or the Regional Strategic Body (for assigned colleges).
3. Incorporated colleges are also required to comply with the Government Financial Reporting Manual 2017-18 (FReM) where applicable.
4. Incorporated colleges are reminded that they must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2018.
5. The annual report and accounts should be signed by the chief executive officer and by the chair, or one other member of the governing body.
6. Incorporated colleges should reproduce this Direction as an appendix to the annual report and accounts.

Scottish Funding Council  
13 July 2018

## Paper 6

**Subject:** Principal's Report

**Author:** Principal

**Date of paper:** 5 December 2018

**Date of meeting:** 12 December 2018

(Tick as appropriate) For information only:  
For discussion: ☒  
For recommendation/approval: ☐

**Cost implications:**

(Tick as appropriate)    Yes:            No: ✓

## Executive Summary:

The paper provides an update from the Principal.

Information recorded in College minutes and papers is 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.

**Status of Papers**    Open ☒    Closed

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 and papers about living individuals, under the terms of the Data Protection Act 1988.

Do the papers contain items which may be contentious under the terms of the Data Protection Act 1988?      **Yes** ☐      **No** ☒

## **Perth College UHI**

### **Principal's Report**

**12 December 2018**

#### **Introduction**

This is a very busy time of year for all of the staff and students in the College. We are in the middle of exams and students and staff will finish the week before Christmas when we will be closed for two weeks.

#### **Tay Cities Deal**

We are delighted to have received the investment primarily in the Engineering areas although there is investment in other areas. At present we do not have the detail which would allow us to be more specific about the projects. This investment should see us building a new base for our engineering provision and for AST, there will need to be significant work done to progress this initiative.

#### **Political Interaction**

Brian and I met with John Swinney and discussed issues relating both to Perth and the wider UHI.

I attended, along with all College and University Principals a session with the new Minister for Further and Higher Education, Richard Lochhead. This was a useful session where he laid out the priorities for both parts of the sector separately but also collectively and he emphasized the need for institutions to work in partnership.

Lorenz attended the launch of the Statement of Ambition for the Sector, the statement is enclosed.

#### **China Visit**

Veronica, Lin Chen and I spent a week in China with Professor Stuart Gibb and Professor Clive Mulholland (for part of the time). We graduated 105 student in HIE in Mechanical and Electrical Engineering. We also opened the Micro Campus in HIE, this will be a platform for further growth and development in the areas of research and teaching.

We visited a number of our other partners to discuss further development of programmes and relationships.

Ahead of the visit to UHI in January/February, Lorenz and Christiana Margiotti travelled to Dazhou University in Sichuan province for a partnership visit. The partnership is in the final stages of Chinese governmental approval and features collaborative working in Visual Design and Music.

They also visited Henan University (HUUC) for the same purpose and as above this partnership in Visual Design and Communication is also at a crucial stage of governmental approval. If successful both partnerships will reinforce our international business. Final approval should be known around April 2019.

### **Employee Relations**

The national bargaining process for Support Staff has resulted in a three year pay deal. This is in the process of being implemented but gives us some challenges in terms of funding the changes going forward.

The EIS are currently in the process of balloting for industrial action in respect of their cost of living pay award.

### **Staff Conference**

We held one of our Staff Conferences in November; this proved a challenging event in relation to the open question/answer session and has triggered a review process of communication/conferences within the College.

### **Other Activities**

The Senior Team has attended a number of events where our students have been involved –

- Perthshire Chamber of Commerce Star Awards
- SDS Apprenticeship Awards
- Perth College UHI Scholarship Lunch
- Duke of Edinburgh Awards Presentation

I have also been appointed to the Colleges Scotland Board and have recently worked with GTCS and am now Chairing a UHI Group to look at professional development.





# College Sector Statement of Ambition 2018-2023





# Vision, Values and Ambitions

## Vision

A dynamic, collaborative, and innovative sector delivering high-quality lifelong learning, widening access to education, and promoting social inclusion that enables people to thrive in life, in their communities, and in work.

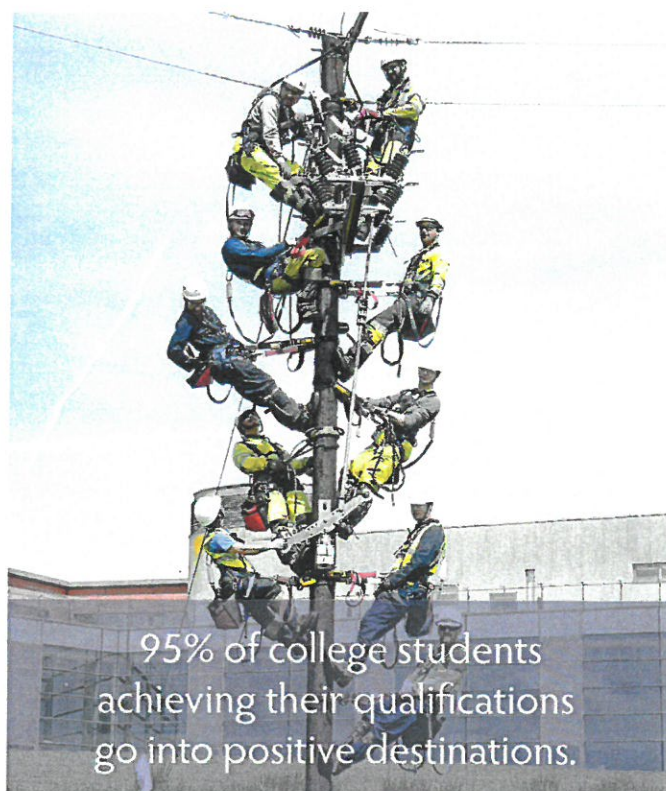
## Values

Our ambitions are underpinned by our values – to be inspirational, inclusive, responsive, and excellent.

## Ambitions

Colleges have a critical role in supporting individuals and businesses in Scotland, enhancing citizenship, and providing leadership in the communities and regional economies in which we are situated. The college sector will be pivotal in:

1. Developing our people and partnerships
2. Supporting a successful economy
3. Helping communities thrive.



# Developing our People and Partnerships

## Learners

Colleges support people of all ages to obtain technical, professional and vocational education and skills to reach their potential and progress into further study, training or employment.

We provide opportunities for all people and put learners at the heart of everything we do.

The college sector will:

- Listen to learners and staff to gain a better understanding of what they want and need.
- Transform the way we teach by embracing the potential of digital technologies to provide learners with flexibility and personalisation.
- Improve and increase pathways connecting schools, colleges, universities, and employers.
- Establish a simpler education system with seamless progression which improves and shortens the learner journey from school to college, and articulation from college to university.
- Equip college learners with the knowledge and skills to contribute to and benefit from growth in Scotland's economy.
- Encourage participation in WorldSkills competitions which help develop talent, enhance career prospects for learners, and showcases Scotland as a world-leading provider of technical, professional and vocational education and skills.
- Collaborate with students' associations to drive improvements in outcomes for learners' success and help tackle inequalities.
- Develop a sector strategy on wellbeing and mental health which provides high-quality support for all people in our colleges and ensure it is regularly reviewed to deliver best practice in this area.



## Staff

Colleges embrace an inclusive employment approach that reflects Scotland's diverse society.

We are resilient and adaptable organisations with the leadership and people to both influence and react flexibly to Scottish Government priorities as well as complex economic and social challenges.

The college sector will:

- Develop staff at all levels who challenge and inspire us and our students to be the best we can be.
- Build career paths underpinned by the Scottish Credit and Qualifications Framework that encourage breadth of experience and depth of expertise as well as develop skilled staff to deliver world-class education.
- Strive to be the best employer in Scotland's public sector, investing in our staff's future by providing the highest possible standards of training, development and reward package.
- Deliver a transformational programme of change by developing our workforce for the future.
- Use the successful national collective bargaining forum of the National Joint Negotiating Committee as a means of delivering progress and sustainable outcomes for college staff in partnership with the recognised staff trade unions.

## Partnerships

Colleges work with public, private and third sector organisations to capitalise on societal transformations, digital innovations, and technological developments to ensure the delivery of high quality teaching and learning.

The college sector will:

- Build partnerships to foster inclusive, sustainable economic growth that benefits people, communities and businesses.
- Influence educational, social and other relevant policy to benefit students and staff as well as wider society.
- Enhance engagement with key stakeholders like the Scottish Government, Scottish Funding Council (SFC), Skills Development Scotland, College Development Network, local authorities, Community Planning Partnerships, employers, education partners, trade unions and others to realise our collective ambitions.



Colleges deliver 28% of all higher education in Scotland.

## Supporting a Successful Economy

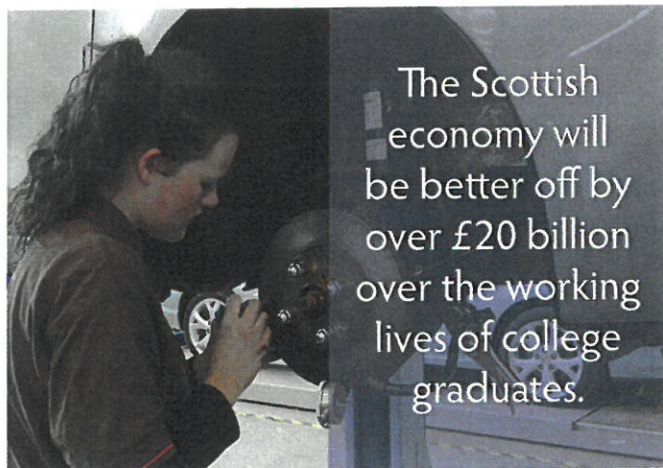
Colleges will embed innovation and collaboration into everything we do. Working with private, public, and third sector employers, colleges are a catalyst for the development and growth of an inclusive economy.

The college sector will:

- Be a key partner in delivering Scotland's inclusive and environmentally sustainable economic growth by providing the right education, apprenticeships and skills to tackle poverty and equip employers with a flexible and innovative workforce in a way consistent with the transitions in the economy e.g. low carbon, robotics etc.
- Engage with communities and tailor provision to meet local, regional, and national skills requirements and ensure opportunities for development and lifelong learning are available to people of all ages and backgrounds.
- Deliver benefits from innovation and new funding models that brings additional finance into the sector, enabling us to improve skills in local, regional, and national labour markets.
- Work closely with universities to shape the innovation landscape and capitalise on the opportunities presented by current and emerging digital technologies.
- Support Small and Medium-sized Enterprises (SMEs) to fulfil their role in delivering inclusive, sustainable economic growth and boosting Scotland's international competitiveness by delivering the skilled workforce which attracts companies to locate and grow in Scotland.



- Enhance skills training to increase SME's competitiveness in the export market.
- Explore ways to further improve links between employers and colleges.



## Helping Communities Thrive

Colleges are located across Scotland, engaging with all our communities. Colleges contribute hugely to Scotland as a nation and are delivering equality of access to the skills and knowledge which are vital for successful careers, while also supporting a positive culture within our communities.

The college sector will:

- Build on past successes while always seeking innovative ways to develop the skills and capacity of the communities we serve.
- Develop a more coherent, collaborative regional curriculum with local authorities, the Scottish Qualifications Authority, schools and universities to develop knowledge and skills for life and work.
- Help redress gender imbalance in the workforce by extending successful practices, for example, to encourage and retain women in STEM and to do likewise for men by capitalising on the Early Learning and Childcare expansion.

- Help redress wider societal imbalances in the workforce by reflecting Scotland's diversity in our staff members and students in terms of disability, ethnicity, age, other protected characteristics, and the care experienced population.
- Be the linchpin that helps realise the Scottish Government's ambitions for widening access to education, while supporting people and communities facing the most barriers.
- Create routes for people into successful careers, in partnership with schools, employers, Community Learning and Development, local authorities, and others, for example, through more engagement with the apprenticeship family.
- Help establish Regional Partnership arrangements to effectively support the Scottish Government's ambitions as set out in the Enterprise and Skills Review.
- Develop a sector strategy to mitigate the repercussions to our communities of Brexit.
- Work in partnership with the Scottish Government and SFC to continue modernising facilities in an environmental and sustainable way to have the best surroundings for our learners and staff.

## Next Steps

This Statement of Ambition will be used as a driver for positive change in the college sector. Colleges Scotland will work with colleges to drive these ambitions and objectives forward over the next five years.



## Paper for Consideration

**Subject:** Student Residences Options

**Author:** Chief Operating Officer

**Date of paper:** 20 November 2018

**Date of meeting:** 12 December 2018

### Action requested of committee:

(Tick as appropriate) For information only: ☐  
For discussion: ☒  
For recommendation/approval: ☒

### Cost implications:

(Tick as appropriate) Yes: ☒ No: ☐

### Executive Summary:

The Board is invited to approve the recommendation from F&GPC that the College withdraws its support for the UHI Student Residences Proposal. Detailed information about this is documented in Appendix 1.

The Board is also invited to approve the recommendation from F&GPC regarding the sale of a flat at Morris Court. Further information about this is documented at Appendix 2.

---

Information recorded in College minutes and papers is 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.

**Status of Papers**    **Open** ☐                      **Closed** ☒

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 and papers about living individuals, under the terms of the Data Protection Act 1988.

Do the papers contain items which may be contentious under the terms of the Data Protection Act 1988?    **Yes** ☐                      **No** ☒

**Perth College  
Student Residences  
UHI Residencies Project Proposal**

The Committee has previously considered proposals regarding participation in the UHI Residencies Project which included both building and additional 60 bed facility and the sale of our existing 72 bed residences. The previous agreement was to proceed with the proposal subject to, inter alia, confirmation of the final price for the existing residences, the attributable amount for Perth College and confirmation from SFC that we would retain the sales proceeds. Subsequently, the overall UHI project has encountered difficulties in attracting students to the various residences and has been running at a substantial deficit. Phase I and II of the project has now been completed and there are no plans currently for future phases. To date, UHI have absorbed the deficit from the residences project but this is not sustainable going forward and it is anticipated that the relevant academic partners will have to bear a proportion of the costs incurred on what is, technically, an onerous contract.

Appendix 1(a) is a note prepared by the consultant to the UHI project setting out the proposal for Perth. However, subsequent consideration of the potential running costs based on the current UHI project financials by the college give some concern that the costs may be more than this document would indicate. The income from summer lets is also substantially more than currently earned from our residences during the summer months. Appendix 1(b) is a possible financial prediction based on more prudent costs and highlights the potential gap which would need to be filled by income from summer lets.

Appendix 1(c) is a note of the past seven years financial results for our current student residences and shows that surpluses have been consistently generated in all but one year.

The demand for accommodation has been consistent over the years and are usually fully subscribed and have a waiting list for any potential vacancies. Despite this, with the usual in-year movement, our average occupancy is 90-95%. Students leave the residences for a variety of reasons and, even with a waiting list, rooms will be vacant for at least a week. It would therefore be unrealistic to set financial targets at more than 90% occupancy. In addition, there is an upturn in alternative accommodation available in Perth and several developers have student accommodation projects at various stages. It is possible that this competition may have an effect on the demand for our current residences and, more likely, on the proposed additional 60 bed facility.

Despite the welcome capital injection from the sale, the potential costs to Perth over the thirty five year project would be onerous and unsustainable. Although there may be economies of scale applicable to the total UHI project through the inclusion of Perth, these are unsubstantiated at present.

Given the financial uncertainties of the ongoing project proposal, it is recommended that the committee agrees to the withdrawal of Perth from the current UHI Residencies Project.



**STUDENT RESIDENCES PROJECT**  
**PERTH**  
**UPDATE NOTE @ 27<sup>th</sup> FEBRUARY 2018**

**Summary**

The programme of residences is intended to improve UHI market competitiveness and make UHI a more attractive option for students to study their chosen courses.

The overall project was designed to achieve a number of key objectives:

- to deliver a minimum of 725 student bed spaces across the identified Academic Partner locations in the UHI area
- to increase the opportunity to develop more courses and increase numbers of students
- to deliver a consistent quality of product in every location
- to achieve a broadly equivalent student rental rate in each location
- to ensure reserved summer school availability to support individual Faculty course development

The original overall proposal was subjected to the Public Sector Procurement requirements and following an open competitive dialogue process, the final UHI Residences contract was awarded to Cityheart Ltd

This note sets out the general proposal for Perth College UHI as at February 2018 and with a target completion date for the construction and refurbishment for the start of academic year 2020/21.

**General Proposal**

Cityheart Ltd to purchase the existing 72 bed residence accommodation and refurbish the same, whilst also purchasing a plot on Perth campus and developing a new 60 bed residence. The total number of beds at Perth College UHI will rise to 132 and UHI would enter into new long lease arrangements with an institutional investor for a period of 35 years at an agreed rent with an option to purchase at year 35.

Perth receive a receipt for the purchase of the existing residences and the plot of land. UHI take on responsibility for the management of the existing residences and current liabilities. All student rents paid are recovered by UHI to offset the lease rent and management charges. Surpluses from external summer letting income is shared between UHI and Cityheart.

***Purchase proposal summary***

***Existing 72 bed residence facility***

- The purchase price offered is £3.2m
- Selective refurbishment at a cost of £150K
- By refurbishing the premises and putting a long lease in place to UHI, the funder-investment value creates a redevelopment surplus of £1,253,823

***New 60 bed residence facility***

- The purchase price offered for the site required is £180,000

Analysis of resulting surplus/deficit calculations on total cost of development (construction costs not yet tendered) is -£178,452.

The Developers profit figure is in addition to the above and is a further 11% of gross development costs - £492,113. The total shortfall arising on the new residences block is -£670,565 but includes the site cost of £180,000 which accrues to Perth College exclusively.

***Net surplus Calculation***

£ 1,253,823

-£ 670,565 (includes the £180K site cost already paid to Perth)

**£ 583,258** (surplus on development accruing to UHI Equalisation Fund [details below])

This is the figure arising from value created by UHI on the long lease and as part of the wider UHI residences project.

(Note - The landlords rent includes an assumption of an anticipated 3% RPI indexation increase in the rental expected for 2019/20)

### ***Funding, Nomination Agreements and Rents***

Cityheart will deliver a complete funding, design, construction process as well as ongoing student management and FM services under the proposed arrangements and all as already contracted for other UHI residences already forming part of the UHI Residences project.

UHI is required to enter into 35 year lease type arrangement (called an income strip) with a funder direct. At the end of the 35 year term UHI become the owners of the buildings if they exercise the tenant option to purchase, at a cost of £1.

The operational management contracts are split into Student Management Services and FM Services, each run under contract to specialist contractors by Cityheart. Service contracts include all student management services; web marketing; leasing; cleaning; rent collection; student liaison; life cycle and routine maintenance; security etc ; and summer marketing to non-students.

### ***Student Rents***

The student rental rate for the forthcoming academic year is £130.85 per week (single cluster) and £167.49 per week (studio). The anticipated student rental charges for the academic year commencing Sept 2019/20 (including estimates for RPI indexation at 3%) are expected to be:

Single £134.77 per week  
Studio £172.51 per week.

Rents change annually in line with RPI indexation rates.

### ***Letting arrangements and underwriting***

The proposal for Perth from Cityheart will be subject to the terms of the overall UHI agreement and for Perth this would mean UHI guarantee to enter into agreements for the following:-

127 rooms single cluster rooms for 40 weeks a year  
5 studio rooms for 51 weeks a year.

### ***Student rents received***

Assuming demand is such that all the rooms under the nominations agreement are fully utilised, then the student rental income for the 132 beds would be £744,861

### ***Rent payable under the lease to the Fund (latest Cityheart proposal subject to UHI diligence)***

The Perth rent to the fund will be £472,567

### ***Operational costs (based on service charges for year 2018/19)***

Service charges for the academic year are £256,182

### ***Demand Sensitivity***

**PERTH RESIDENCES SENSITIVITY TABLE**

OCCUPANCY	INCOME		LIABILITY		SURPLUS/SHORTFALL		Target Summer income	net position	
100%	£	744,861	£	728,749	£	16,112	£	111,273	£ 127,385
95%	£	707,618	£	728,749	-£	21,131	£	111,273	£ 90,142
90%	£	670,374	£	728,749	-£	58,375	£	111,273	£ 52,898
85%	£	633,131	£	728,749	-£	95,618	£	111,273	£ 15,655
80%	£	595,888	£	728,749	-£	132,861	£	111,273	-£ 21,588

**Summer income assumptions**

92 letting days(June/July/Aug)

65% occupancy

£55/per night

35% net margin (UHI share 65%)

**Risks**

- Lack of demand – in terms of the guarantee, UHI will be liable for any shortfall in rents
- Any shortfall in rents also reduces the amount available to meet the operational costs
- UHI is relying on the operational effectiveness of the Residences Operator as an experienced student residences management operator. The available Operational Costs figure is the surplus available from student rentals less the rent paid to the fund. Therefore UHI is also at risk if the residences are run inefficiently.

**Summer Schools and Non –Student income**

Cityheart has offered a discounted rate comprising 60% of the normal weekly rate to UHI for summer schools for up to a maximum number of beds and weeks during the summer period. There is a cap on summer school lettings to protect the summer income required for the model.

Single room rate £75 per week. UHI must notify Cityheart by an agreed date in advance (January) of the number of beds required for summer schools the following summer and that is then binding on the local Academic partner institution.

There is a UHI/Cityheart agreement that all net surpluses from summer income are shared at the rate of 65% / 35% in UHI favour.

**Equalisation Fund****General description**

The Equalisation Fund (EF) is a mechanism to smooth out the cost variations between the various individual development appraisals arising in different locations. These variations may arise from differences in land cost, constructions costs, ground conditions, planning requirements, distance, and of course time. By applying the EF a number of common features such as student rent charged, quality of accommodation, standard of maintenance and service delivery can all be of a consistent standard regardless of location.

This equivalence of treatment regardless of location has been a key objective of the UHI residences project since the beginning of the process.

The completed capital value of a property investment results from the assessment of risks by an investor arising from the potential flow of income, the security of the tenant, the opportunity for investment income growth, and the length of leases in place. Property developers create assets by ensuring the cost of development is lower than the completed value they are finally sold for, creating development profit. Generally speaking, the larger the income and safer the tenant, then the more capital can be created. This is the basis for all property development situations.

The premise of the EF is an acceptance by the developer that the level of developers profit is capped on the profitable developments to allow for the remaining surplus to be credited to the EF.

In the context of the various locations for this project, not all locations are capable of making a profit and in fact make substantial losses. Rather than increasing rents at different locations to cover the losses, the EF is



an attempt to spread the risk of development across all the locations. In balancing out the profitable and non-profitable projects with a capital injection from the EF, more projects can be completed whilst still maintaining the same level of rent regardless of location.

As a result of a binding commitment to cap profits by Cityheart the sums to be set aside in the EF can be forecast. Cityheart have provided their development appraisals from which the completed development value of the development at Perth has been calculated.

## **Formal Agreements**

### *Property agreement with the Fund*

UHI is required to enter into leases direct with the Funder. This is better for UHI as they have a real right under the lease which offers some protection and security. A standard lease type will be applied to each location so they are all on the same terms, albeit there may be variations in dates depending on when the buildings became available.

The leases (income strip agreement) will be for a period of 35 years with UHI becoming the owner at the end of that period. The exact mechanism whereby that ownership is transferred is to be agreed.

Increases in rent during that period will track the general rate of inflation in the economy with in a range of 0% and 5% referred to as a collar and cap. Increases will be calculated annually in arrears and rents adjusted accordingly.

The legal paperwork is now fixed by the previous agreements and so legal costs are now relatively low for new developments. The agreements for Perth will be the same as other UHI residences agreements.

### *Agreements with Cityheart*

#### *Overarching agreement*

This is a general statement of the intent of the parties. It states the extent of the project and the intent for UHI to work with and appoint Cityheart as the preferred developer for the residences project as described. It is specific on contractual matters where there is a financial commitment capable of being entered into immediately, and defines the commitments and outputs from the initial appraisals. It defines the mechanism for the control and operation of the equalisation fund.

#### *Student Services and FM agreements*

Cityheart is bound to deliver a range of Student Management Services and Facility Management Services. They intend to do this under contract to specialist subcontractors and the costs have been built up on that assumption.

*End*

*22<sup>nd</sup> February 2018.*

**Perth College  
Potential Residences Costs**

**Appendix 1 (b)**

	<b>Student Rents received</b>	<b>UHI Lease payable</b>	<b>Gross Margin</b>	<b>Other Costs</b>	<b>Surplus/ (Deficit)</b>
<b>100% Occupancy (132 beds)</b>					
New Build (60 Beds)	338,573	214,803	123,770	142,200	(18,430)
Existing (72 beds)	406,288	257,764	148,524	170,640	(22,116)
Combined	744,861	472,567	272,294	312,840	(40,546)
<b>95% Occupancy (125 beds)</b>					
New Build (60 Beds)	321,644	214,803	106,841	142,200	(35,359)
Existing (72 beds)	385,974	257,764	128,210	170,640	(42,430)
Combined	707,618	472,567	235,051	312,840	(77,789)
<b>90% Occupancy (118 beds)</b>					
New Build (60 Beds)	283,662	214,803	68,859	142,200	(73,341)
Existing (72 beds)	291,794	257,764	34,030	170,640	(136,610)
Combined	575,456	472,567	102,889	312,840	(209,951)
<b>80% Occupancy (105 beds)</b>					
New Build (60 Beds)	252,144	214,803	37,341	142,200	(104,859)
Existing (72 beds)	259,373	257,764	1,609	170,640	(169,031)
Combined	511,517	472,567	38,950	312,840	(273,890)

**Assumptions**

**Student rents** as provided based on Cityheart appraisals

**UHI lease payable** as provided based on Cityheart appraisals

**Other costs** based on 2017/18 Student Residences Project financials average per room and includes utilities, lifecycle costs, Cityheart Living management fees and other running costs. Management fees are assumed to be fixed.

## PERTH COLLEGE

## Appendix 1c

## STUDENT RESIDENCES

## FINANCIAL SUMMARY

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
	£	£	£	£	£	£	£
<u>INCOME</u>							
RENTAL INCOME	292,691	278,772	294,970	287,114	258,789	257,784	263,148
SUMMER LETS	25,258	51,839	53,707	74,589	53,115	61,314	34,543
SUNDRY INCOME	3,703	3,464	3,874	8,338	14,688	6,451	3,693
TOTAL INCOME	321,652	334,075	352,551	370,041	326,592	325,550	301,384
<u>EXPENDITURE</u>							
MAINTENANCE	12,925	15,557	25,645	33,368	46,912	14,154	6,415
ELECTRICITY, WATER & GAS	24,290	20,210	19,897	18,630	15,481	25,410	18,185
WARDENS MATERIALS	3,178	0		3,394	0	1,285	2,202
EQUIPMENT/MATERIALS/HOSPITALITY	4,251	5,543	5,942	13,505	22,780	3,573	8,391
BANK CHARGES	122	77	97	111	113	114	114
CONTRACT CLEANING	10,997	10,537	10,075				
SUB CONTRACTED SERVICES - SYHA	128,078	123,541	123,541	103,814	104,914	107,806	97,027
AGENTS COMMISSION	43,594	38,879	48,337	67,130	47,804	55,090	28,187
TOTAL EXPENDITURE	227,435	214,344	233,534	239,952	238,004	207,432	160,521
<u>SURPLUS / (DEFICIT) before Depreciation and Interest</u>	94,217	119,731	119,017	130,089	88,588	118,118	140,863
DEPRECIATION	86,166	86,166	86,166	86,166	76,896	76,897	76,847
LOAN INTEREST	0	0	0	0	12,755	29,482	42,288
<u>SURPLUS / (DEFICIT) after Depreciation and Interest</u>	8,051	33,565	32,851	43,923	(1,063)	11,739	21,728

### **Perth College Student Residences Management**

Since 2011, the management of the student residences has been sub contracted to SYHA who have operated the facility as 'Youth Hostel Perth' during the summer months. The cost of this has risen from £97k in 2011 to £128k in 2017 and a charge of £136k for the nine months to 31<sup>st</sup> May 2019. This represents an average increase of approximately 5%.

The service provided by SYHA is for an onsite presence 24 hours a day, seven days a week and all year round. There is also a Perth College member of staff living on campus who acts as our student warden and is on call for student pastoral issues.

In addition, our campus is open and college staff available for queries and assistance at least from 8.45am to 4.45pm Monday to Friday.

We are now due to re tender for our residences management and the executive team has discussed the possibility that we now manage our residences in house. Early indications are that this will be a cost effective solution and will have minimum impact on our student experience.

It is anticipated that TUPE will apply for existing SYHA staff and that this, and all other aspects of bring the residences in-house, should now be explored in detail. The committee is requested to agree to this proposal and that the option should be explored further.

In addition, the college owns a two bed flat in Morris Court which is currently operated as part of our student residences. As a 'remote' location, this poses difficulties with supporting the students in this flat and does not offer the same level of student experience. The value of this flat is circa £100k.

It is therefore proposed that this flat is sold and the proceeds re-invested in the college with a proportion spent on a partial refurbishment of the residences.

The committee is requested to approve the sale of Morris Court.

**Subject:** Learner Support Policy

**Author:** Board Secretary – cover sheet; Policy document - UHI Policy Groups

**Date of paper:** 4 December 2018

**Date of meeting:** 12 December 2018

(Tick as appropriate) For information only:  
For discussion:  
For recommendation/approval: x

(Tick as appropriate)      Yes:      No:

UHI has been progressing work to create a Single Policy Environment and a further policy has been developed. Staff from all colleges have dedicated significant time to the Policy Ownership Groups and there has been discussion with practitioners throughout this process.

The Vice Principal for Further Education has requested that these policies are considered by local Boards of Management. Academic Affairs Committee considered the policy at its meeting on 21 November 2018 and recommended that the Board of Management approve the policy.

Information recorded in College minutes and papers is 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.

**Status of Papers**    **Open** ☒                      **Closed**                      (tick as appropriate)

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 and papers about living individuals, under the terms of the Data Protection Act 1988.

Do the papers contain items which may be contentious under the terms of the Data Protection Act 1988?      **Yes**      **No x**      (tick as appropriate)

[Partner Logo]



[Partner Name], University of the Highlands and Islands

# Tertiary Learner Support Policy

## POL

Lead Officer (Post):	Click or tap here to enter text.
Responsible Office/ Department:	Click or tap here to enter text.
Responsible Committee:	Click or tap here to enter text.
Review Officer (Post):	Click or tap here to enter text.
Date policy approved:	Click or tap to enter a date.
Date policy last reviewed and updated:	Click or tap to enter a date.
Date policy due for review:	Click or tap to enter a date.
Date of Equality Impact Assessment:	Click or tap to enter a date.
Date of Privacy Impact Assessment:	n/a

This policy covers the period (date) to (date).

For all our up-to-date policies, please visit our [website](#).

Accessible versions of this policy are available upon request.

## Policy Summary

Overview	This policy is required to set out a regional approach to learner support for (College/Institution Name) and all academic partners in the University of the Highlands and Islands.
Purpose	The policy will provide a framework for a consistent and coherent methodology for the support of learners.
Scope	This policy applies to all academic partners.
Consultation	This policy was developed by a Policy Ownership Group, made up of practitioners from across the University of the Highlands and Islands network. Endorsement was received from Senior Management Curriculum Team, Partnership Council and Further Educational Regional Board, before the policy went through local consultation and approval by College Boards of Management and UHI Academic Council.
Implementation and Monitoring	Academic partners will be responsible for implementing and monitoring the policy. Analysis will be carried out of the policy's impact by staff from the Vice-Principal for Further Education's office and the Student Support team.
Risk Implications	<p>The policy reduces risk for the University and academic partners by reinforcing the existing community of practice for staff and creating a streamlined process.</p> <p>Students will also benefit from a consistent approach across all partners.</p>
Link with Strategy	This policy is linked to individual Access and Inclusion strategies and the Regional Outcome Agreement.
Impact Assessment	Equality Impact Assessment: Assessed – No further action to be taken.
	Privacy Impact Assessment:

## 1. Policy Statement

1.1 [Partner Name] is committed to providing an inclusive learning environment in which every student can make the most of learning and development opportunities available throughout their student journey. All students have different learning needs, regardless of level of study.

1.2 The College/Institution will comply with the Equality Act 2010, and is committed to promoting equality of opportunity and fair treatment for those with protected characteristics.

1.3 Students will be given the opportunity to achieve their full potential through anticipation of service provision, ensuring reasonable adjustments will be made when and where required by [Partner Name, UHI].

## 2. Definitions

2.1 **Personal Learning Support Plan:** A Personal Learning Support Plan (PLSP) is a functional and confidential document which details the nature of a student's additional support need(s) and any support measures that have been agreed. PLSPs are drawn up in close consultation with students and regularly reviewed.

2.2 **Access and Inclusion Strategy:** [Academic Partner] has an Access and Inclusion Strategy, which can be found [here \(hyperlink\)](#). The purpose of this document is to 'define the inclusive service we provide and how we monitor its effectiveness and impact. It outlines the inclusive service we provide for students and sets out our ambitions' (from [SFC guidance](#)).

2.3 **Reasonable adjustment duty:** As set out in the Equality Act 2010, the reasonable adjustment duty is the legal obligation to remove as far as possible by reasonable means the disadvantage which a disabled student experiences because of their disability. Further information from the Equality and Human Rights Commission is available [here](#).

## 3. Purpose

3.1 The purpose of this policy is to create a supportive environment for learners in the College/Institution. This policy is intended to promote access and inclusion and wherever possible to provide parity of experience for learners at each stage of their student journey.

3.2 The College/Institution will work with learners to identify needs through a combination of pre-entry disclosure, on-course disclosure, needs assessment, student request, tutor identification and partnership working.

3.3 Students will be provided with a range of opportunities to disclose specific requirements. Disclosures of specific requirements will be followed up by staff at (Partner Name, UHI) where reasonable and appropriate.

3.4 Disclosures can be made at any time from pre-application. All students and prospective students are encouraged to disclose any specific requirements at the earliest opportunity, in order that appropriate support can be identified as soon as is practicable.

3.5 **PLSPs:** The Partnership recognises the value of the PLSP as a functional and confidential document that details the support and adjustments, including those related to academic assessment, that have been approved in light of a student's specific needs. PLSPs should be used where appropriate, where it supports the learner and the situation warrants and/or necessitates the



use of this tool. PLSPs are one source of evidence used internally and by awarding bodies to support the identification of alternative assessment needs.

3.6 Planning for reasonable adjustments will be undertaken collaboratively between the student, support and academic staff. The student will always be regarded and treated as a central figure in this process and will be kept appraised of progress.

3.7 **Use of Personal Data:** Personal data collected through the 'Academic Partner name' Learner Support process will be handled in accordance with the University's tertiary student document retention policy and the [relevant privacy notice](#). Personal data will be anonymised and used for statistical purposes to monitor applications by age, disability, gender and gender reassignment, pregnancy and maternity status, ethnicity, religion and/or belief, sexual orientation, socio-economic background or care experience.

## 4. Scope

4.1 This policy applies to students undertaking FE and HE courses at the College/Institution, regardless of mode or level of delivery.

4.2 Whether it is reasonable for an education provider to make any particular adjustment will depend on a number of factors, including:

- The effectiveness of making the adjustment and whether it is practical to do so
- The financial resources available
- The availability of grants, loans and other assistance to disabled students, such as Disabled Student Allowance, or charitable trusts
- The extent to which aids and services will be provided to disabled students from other sources
- Health and Safety requirements – this means if the adjustment increased the risks to the health and safety of another person
- The relevant interests of other people – this means where the adjustment results in significant disadvantage for other people

## 5. Exceptions

5.1 Student personal health care is outwith the scope of this policy. Please see [Partnership Matters](#) for further information,

## 6. Notification

6.1 All staff are responsible for supporting learners through their student journey and should be aware of the policy.

6.2 Staff members responsible for providing specialist learner support will be briefed and trained on the policy and procedures.

6.3 The policy will be publicly available on the College/Institution's website, along with other current policies.

## 7. Roles and Responsibilities

7.1 The College/Institution's [insert local title] has overall responsibility for the implementation of this policy.

7.2 All staff have a responsibility to provide support for the learner through their student journey.

7.3 The College/Institution's [Student Support/Service etc] staff will provide services including, but not limited to:

- Contact with students and assessment of need
- Creation of PLSPs
- Signposting and coordinating support
- Liaising between student and academic staff
- Implementation of support
- Passing Summary of Support to [named role in College/Institution e.g. PAT]

7.4 The College/Institution's [Academic Staff] staff will provide services including, but not limited to:

- Reading the Summary of Support and appropriate cascading to relevant members of staff on a need to know basis
- Compliance with Summary of Support
- Implementing learning and teaching adjustments
- Review and liaison with [Student Support] on impact of learning and teaching adjustments
- Liaising with [Student Support] where a student has not made a disclosure but may require support
- Adhering to confidentiality protocols

## 8. Legislative Framework

- [Adult with Incapacity \(Scotland\) Act 2000](#)
- [Adult Support and Protection \(Scotland\) Act 2007](#)
- [British Sign Language \(Scotland\) Act 2015](#)
- [Children \(Scotland\) Act 1995](#)
- [Children and Young People \(Scotland\) Act 2014](#)
- [Data Protection Act 1998](#)
- [Disability Discrimination Act 2005](#)
- [Education \(Additional Support for Learning\) \(Scotland\) Act 2004](#)
- [Education \(Additional Support for Learning\) \(Scotland\) Act 2009](#)
- [Equality Act 2010](#)
- [General Data Protection Regulation \(GDPR\)](#)
- [Human Rights Act 1998](#)
- [Mental Health Act 2007](#)
- [Mental Health \(Care and Treatment\) \(Scotland\) Act 2003](#)
- [Protection of Vulnerable Groups \(Scotland\) Act 2007](#)
- [Scottish Strategy for Autism 2011](#)
- [Special Educational Needs and Disability Act 2001](#)
- [Scottish Care Leavers Covenant \(2015\)](#)

## 9. Related Policies, Procedures, Guidelines and Other Resources

- [British Sign Language \(BSL\): National Plan 2017 to 2023](#)
- [College Access and Inclusion Strategy](#)
- [College Access to Assessment Policy](#)
- [College Admissions Policy](#)
- [College Corporate Parenting Plan](#)
- [Disability Processes Privacy Notice](#)
- [Partnership Matters](#) - A Guide to Local Authorities, NHS Boards and Voluntary Organisations on Supporting Students with Additional Needs in Colleges and Universities in Scotland
- [UHI Equality and Diversity Reporting](#)
- [UHI Fitness to Study Guidelines](#)
- [UHI Recording of Taught Sessions Policy](#)
- UHI Tertiary Learner Support Procedures (forthcoming)

## 10. Version Control and Change History

Version	Date	Approved by	Amendment(s)	Author
0				
1				
2				
3				



# **UHI INTELLECTUAL PROPERTY POLICY**

---

## **POLICY AND PROCEDURE GUIDANCE**

---

## **EUREKA MOMENTS AND VEILED SECRETS**

DOs and DON'Ts for busy scientists and academics ...

### **DISCOVERIES**

If you stumble on a new idea, invention, process or programme:

- 1 DO keep quiet about it
- 2 DO immediately tell your designated IP manager/Head of Department/senior management so that they may consider IP issues
- 3 DO keep your lab notes and other relevant documents accurate, up to date and comprehensive
- 4 DO mark relevant documents confidential and consider keeping them in a secure area
- 5 DO NOT talk about your discovery to anyone including at conferences, seminars, meetings etc.
- 6 DO NOT PUBLISH &
- 7 DO remember that Institutional IP Policy recognises the IP contribution of staff

### **CO-OPERATING, COLLABORATING, CONSORTING, CONTRACTING ETC.**

If you are about to start dealings with an outside organisation that may involve confidential information, or existing or future IP:

- 8 Arrange a meeting with your designated IP Manager to discuss any potential for intellectual property (IP) 'leakage, and potential approaches to IP (see Annex 1 for details of designated posts and functions that are to be contacted/utilised as part of the IP development process)
- 9 It is likely that a NDA (Non-Disclosure Agreement) aka a CA (Confidentiality Agreement) will be recommended to protect the IP and associated confidential information
- 10 Likewise, be receptive to corresponding suggestions from the outside organisations
- 11 Have the wording prepared or checked by for example, Legal Secretary, Grants and Contracts Office or an appropriate senior management
- 12 These issues may already be part of a more comprehensive document (draft collaboration Agreement etc.). If so, refer to the draft. Sometimes, if the main agreement takes time to negotiate etc., a quick NDA at the outset may be appropriate
- 13 Be ready to:
  - i. describe the Background (existing) IP, and
  - ii. state when relevant discussions started or will startto Legal Secretary or Grants and Contracts
- 14 Where appropriate mark documents etc. 'CONFIDENTIAL'
- 15 Remind colleagues to do likewise

## 1. INTRODUCTION

UHI and its Academic Partners are committed to a research strategy that includes the delivery of real world solutions to end users. In so doing, recognise that researchers and academics are often best placed to develop their outputs into new products or applications; but their intellectual work is built upon a supportive infrastructure of facilities and Professional Services, without which innovation could not thrive.

This document outlines the policies and procedures for the ownership, protection, distribution and commercial development of the 'intellectual property' of the employees of UHI and its Academic Partners.

Please note that the term Intellectual Property (IP) includes, but is not limited to, all IP, designs, information, specifications, formulae, improvements, discoveries, know-how, data, processes, methods, techniques and the intellectual property rights therein, including but not limited to, patents, copyrights, database rights, design rights (registered and unregistered), trademarks, trade names and service marks and the right to apply for any of the above as recognised in any country in the world.

This document is not intended to be an exhaustive statement of policy applicable to every situation. Instead, it is intended as a guide to general policy in relation to the handling of project IP. If any dispute in interpretation cannot be resolved by the parties directly involved, then it will be escalated to the Directorate appointed by the relevant UHI Academic Partner for decision. If the dispute is between UHI Academic Partners then the UHI Partnership Council will undertake the final decision.

***Teaching materials have been excluded from this framework, as they are covered by the policies of respective registering institutions.***

## 2. SCOPE AND PURPOSE

UHI and its Academic Partner staff produce intellectual property (IP) in the course of their research and scholarship. Some of this IP makes a valuable contribution to the body of knowledge relating to a wide range of disciplines, but has little commercial value.

Other IP has significant potential for commercial exploitation, which can be of financial benefit to UHI and its Academic Partners and the employee concerned.

**The purpose of this policy document is to provide guidance and sources of advice in order to encourage the early identification of such IP and successful exploitation for the mutual benefit of all parties.**

### 3. DEFINITIONS

Exploitation	Action taken to ensure that appropriate Inventions and IP reach the market place and the optimal financial return is enjoyed by UHI and its Academic Partners and its employees. Following establishment of the appropriate means of protection (e.g. patenting), exploitation will typically involve licensing, company formation or other technology transfer measure.
Intellectual Property (IP)	Inventions, computer software, data, databases, technical know-how and trade secrets. Large banks of new data collected in the course of research and scholarship are also covered here only if they may reasonably be considered to have potential for exploitation.
Invention	A novel or useful idea relating to processes, machines, manufacturing or compositions of matter. It would include such things as new or improved devices, systems, computer software, circuits, chemical compounds, biomedical materials, mixtures etc. In lay terms, it is probable that an invention has been made when something new or useful has been conceived or developed, or when unusual, unexpected or non-obvious results have been obtained and can be exploited. Inventions will most commonly be developed through science, engineering and research, but can arise from any area of academic research or scholarship.
Inventor	An employee who makes an Invention or creates IP
UHI & its Academic Partners:	This term includes all employees of UHI Executive Office and EO researchers depts., including Centres and Institutes where UHI is the employer (e.g., the Dept. of Diabetes and Cardiovascular Science; The Centre for History; the Economic Intelligence Unit; etc.) "Academic Partner" covers all staff employed by any UHI affiliated institution (including: SAMS, Inverness College, Moray College, West Highland College, Perth College, Sol Mor Ostaig, Argyll College, Lews Castle College, North Highland College, Orkney College, Shetland College, NAFCMC and HTC?)

### 4. PRINCIPLES

This policy provides a framework for the creation, use and exploitation of intellectual property at UHI and its Academic Partners and applies to all members of the organisation. It defines the rights and responsibilities of UHI and its Academic Partners, its staff and students in relation to intellectual property.

### 5. INTELLECTUAL PROPERTY COORDINATION

A "Designated IP Manager", will be identified in each employer institution (see Annex 1 systems and processes). The designated IP Manager will receive information about IP from the 'originator(s)' and work closely with them and project teams that wish to protect



IP and investigate commercial opportunities. The designated IP Manager will be the first point of contact for any questions of guidance related to ownership, protection, distribution and commercialisation of IP. It is important to establish this dialogue early so expectations are clear and because various actions can have a detrimental effect on the ability to have certain kinds of future impact for example any publication could risk losing protection of IP, patent protection may not be possible after publishing a paper or making a presentation containing information about an 'IP'.

## 6. OWNERSHIP POLICY STATEMENT

The general policy is that IP created through your normal work at your employer is owned by your employer. That is the general law as between employer and employee. For most research projects, the IP stays with the employer, but the employer may, as part of a programme of contracted or collaborative research enter into a separate agreement that provides otherwise.

There are two main alternatives:

A. Where a UHI Academic Partner develops IP jointly with external collaborators, then ownership should be agreed to reflect the background IP and contribution of each partner to any new (foreground) IP.

B. Where a UHI/Academic Partner (or more likely its trading company such as UHIRE. (UHI Research and Enterprise Ltd)), develops IP jointly with external commercial companies, negotiations may be needed about ownership and exploitation of foreground IP.

In either event, the ownership may need to be decided on a case-by-case basis in a negotiation process led by the designated IP manager, Company Secretary or equivalent as assigned by each employer institution, and formalised in an IP Ownership Agreement (see Annex 2). or Consortium Agreement. This must be signed by the Company Secretary (or equivalent) and an authorised signatory for the external collaborators concerned

An IP Ownership Agreement may include the designation of a lead person/post to manage the development of joint IP. It should also include details of how any development costs will be shared, as well as any specific revenue sharing arrangements between the parties involved.

As the owner of IP created through the work, the employer retains all patent and disposition rights including the right to decide how or whether the IP is exploited/commercialised. For IP jointly developed with external collaborators, the IP Ownership/Consortium Agreement will govern how or whether the IP is exploited/commercialised.

This policy does not apply if the creator can demonstrate that the IP already existed e.g. in a protected agreement, or was created:

- other than in the ordinary course of their work; and
- without conflict of interest; and
- without breaching any duty to their employer; and
- without the use of confidential or proprietary information of their employer; and
- without significant use of employer-administered resources and/or facilities.

UHI and its Academic Partner's employees accept the principles of ownership of technology as stated under this document. In furthering such undertaking, all regular as

well as visiting researchers, staff, students and others may be asked to sign IP and proprietary information agreements prior to participating in research at UHI or its Academic Partners.

## 7. STUDENTS

The general guideline is that undergraduates and taught postgraduates own the IP that they generate, unless covered by a specific IP Agreement; as would be appropriate if external sponsorship had been provided for a specific piece of work.

Where IP is generated by postgraduate research students (PGRs) who are formally employed, the employer owns any IP generated (assuming that IP is related to their employed role). This must be explained to the student and formalised in a *Declaration of Assignment of Intellectual Property* (DoAoIP) by post-graduate students. An example of this declaration is laid out in Annex 3. In most cases, this is contained in the employment contract between UHI or its Academic Partner and the student.

In cases where a postgraduate student is on a stipend, the ownership of IP is dictated by where they are registered (e.g. for UHI ownership lies with the employer of the lead supervisor). Should that registration be at a different Institution (e.g. University of Edinburgh), then the student may need to sign a DoAoIP, reallocating the IP ownership to the relevant UHI or Academic Partner Institution. This would be decided on a case-by-case basis depending on the relative contribution of each partner and any conditions applied by the funder.

## 8. CAPTURING NEW INTELLECTUAL PROPERTY

When new IP arises, the originator(s) must contact the designated IP Manager who will guide them through completion of an IP Disclosure Form (IPDF; Annex 4). This is internal to UHI and its Academic Partners and formally initiates action to (i) clarify the ownership, and then (ii) consider appropriate protection and exploitation of the IP.

The terms of agreement entered into by UHI or its Academic Partner, in particular with collaborators may create obligations with respect to the reporting of the new IP. Therefore, the originator(s) should report promptly all IP, in the broadest definition of the term, by submitting an IPDF.

An IP Disclosure Form must include:

- full detail and description of the IP identified;
- sponsorship information; details of how the research has been funded, collaborators and non-UHI or its Academic Partners resources used;
- disclosures; any/what disclosures have been made;
- details on joint originators, including external collaborators; and
- commercial interests and conflicts of interest.

Once submitted changes should only be made in the event of incorrect information and must be agreed by all listed originators. If new IP arises that is similar to previously disclosed IP, a new IPDF should be submitted.

## 9. PROTECTING INTELLECTUAL PROPERTY

The rights governing ownership and use of many types of IP are known as 'intellectual property rights', which are derived primarily from legislation granting patent, copyright, design and trademark protection. Mechanisms also exist for protecting confidential

information, trade secrets, know-how and other intellectual or tangible research property (e.g. physical prototypes).

## 9.1 Patents

A patent protects new IP and covers how things work, what they do, how they do it, what they are made of and how they are made. It gives the owner the right to prevent others from making, using, importing or selling the IP without permission within a specific territory for a designated period. Typically, the IP is a technical innovation of some kind with a commercial application.

To the extent that it considers appropriate, the relevant UHI institution/ Academic Partner may seek patent protection on IP where they may intend to pursue or facilitate commercial licensing or to comply with the terms of various agreements. This may include a 'literature search of prior art' being carried out by an appropriate specialist, with input from one or more of the originators.

If the relevant UHI/AP institution decides not to patent a particular piece of IP they may consider assigning ownership to the originator(s).

While patents are granted by many different countries, procedures for filing, regulations for patentability and term of patent grant vary from country to country. In the UK, a patent affords its owner exclusivity but it must be renewed every year after the 5<sup>th</sup> year for up to 20 years protection. To be patentable the IP must be new, useful and non-obvious.

Detailed up to date information on the costs and procedures required to file and maintain a patent can be found at the Intellectual Property Office web site:

(<http://www.ipo.gov.uk/types/patent/p-applying/p-cost.htm>).

Good record keeping is essential for preserving intellectual property rights and in determining the date on which an invention is made, since the United States, in particular, awards patents based on first to invent rather than first to file, as in most countries. The US is a substantial market for many inventions and research notebooks, for example, may be required to be presented as legal evidence. , It is therefore recommended that:

- (i) All electronic record keeping should conform to sector norms and advice as well as the UHI retention policy and data management guide.
- (ii) Permanent bindings are used on notebooks – loose-leaf books should be avoided to prevent possible removal or substitution of pages.
- (iii) (ii) Pages should be numbered and any additional drawings, charts or computer printouts should be permanently attached to the notebook, clearly identified and have reference made to them in the notebook.
- (iv) The notebook should be reviewed regularly by someone who understands the technology involved and each page should ideally be signed by a witness. The choice of witness is important - it should preferably not be someone who may be nominated as a co-inventor. The witness should also sign and date any graph, charts or print outs, which are inserted into the notebook ensuring the signature is on both the inserted document and the notebook page.

Well-documented notebooks should demonstrate the progress of research and are an important record in the event of a dispute. They should be stored safely. The employing institution will retain these documents when the individual leaves.

Storage of all data should follow security and fire protection good practice guides.

If you have any queries regarding this activity consult your designated IP Manager.

**You should disclose any possible invention to the designated IP Manager as early as possible.** This will facilitate a patent application, if deemed appropriate.

In most instances, it will be necessary to engage the services of a patent lawyer to help file the patent application. This may lead to expense. There will also costs associated with keeping a patent in force.

Applying for a patent in the United Kingdom (UK) does not protect IP elsewhere. UHI and its Academic Partners can protect IP in many international countries using the [Patent Cooperation Treaty \(PCT\)](#) through the World Intellectual Property Organisation (WIPO) through the European Patent Office (EPO) or WIPO (<http://www.ipo.gov.uk/types/patent/p-manage/p-abroad/p-worldwide.htm>).

If required, you can also apply for a patent in individual countries by contacting the national patent office of each country.

## 9.2 Secrecy

The release of information regarding a specific discovery may preclude the ability to protect the IP in a subsequent patent application. IP which is already in the public domain – e.g. if it has been discussed in public (even with a small group); has been presented at a seminar or conference; or published in an academic journal – may no longer be patentable. Therefore, care should be taken when discussing any IP prior to patent filing.

Accordingly, any dissemination of new ‘inventions’ or ‘process’ should be discussed with the Company Secretary/designated IP manager before any sharing of information.

## 9.3 Copyright

Copyright subsists in original work of authorship, whether or not published, which has been recorded in writing or otherwise (including electronic form). Copyright laws protect literary works (including academic papers), films, sound recordings and original databases among other things. Computer programs are protected as literary works.

A copyright owner has the exclusive right (among other things) to reproduce the work, prepare derivative works, distribute by sale or otherwise, and display or perform the work publicly. Copyright protection of a work generally extends for either 70 years after the death of the originator or 70 years after the date on which the work is first lawfully made available to the public. Precise duration of protection depends on the nature of the work.

Copyright protection is important in order for UHI and its Academic Partners to license copyrightable material.

Copyright law does not always require a ‘notice of copyright’ to be affixed to the material however; such a notice is strongly advised. The following notice should be applied on Academic Partner owned works to protect the copyright:

“Copyright © *insert Academic Partner name* [Year(s)] - All Rights Reserved”

The date in the notice should be the year or years in which the work is created. No notice other than the foregoing is to be used for UHI or its Academic Partner owned works.

In the UK, copyright is not registered and it may be important to be able to prove the date of first production of the work. This can be achieved by lodging the work and recording the date of conception with a third party (e.g., a solicitor, bank manager or patent agent).

For added copyright protection in jurisdictions that provide for registration (e.g., USA) certain works, as deemed appropriate, may be registered with the appropriate regulatory body (e.g., the United States Copyright Office).

Despite the statutory provision whereby the copyright in any work produced by an employee in the course of employment belongs to the employer, UHI or its Academic Partner may grant the author(s) a 'free licence to the copyright' with regard to work published in a recognised academic, scientific, technical, professional or management journal or book.

Higher Education Institutes generally do not grant such a licence to materials created by employees during the course of and related to their employment, comprising:

- Course or training materials;
- Software programs;
- Any design specification or other work which may be necessary to protect rights in commercially exploitable intellectual property

These guidelines do not supersede existing agreements with respect to course and teaching materials. **Teaching materials have been excluded from this framework as they are covered by other universities' policies.**

## 9.4 Design Rights

Protection for designs exists for the appearance of a product or part of it. It may arise from the features of a product, in particular, the lines, colour, shape, texture or materials of the products itself or its ornamentation. A design is not protected to the extent it is solely functional.

A design can be registered to provide protection in various countries, whether in the UK alone, throughout the EU or otherwise and protection can be obtained for a period of 5 years, renewable on payment of fees for further periods of 5 years up to a maximum of 25 years. Registered design is intended to protect the appearance of an object where aesthetic appeal of the object is of prime importance.

There is an unregistered design right, which applies throughout the European Union. Like copyright, it is not necessary to register this right but in order for the right to exist, it must have been 'recorded': *i.e.* a drawing must have been done or an article made. This right exists for 15 years from conception of the design and for not more than 10 years from the date of first sale. For the first five years, you can stop anyone from copying the design. For the rest of the time the design is subject to a 'license of right'. This means that anyone is entitled to a licence to make and sell products copying the design.

UHI or its Academic Partners may seek to obtain registered design rights, in particular, for those designs that will be used to commercially exploit products. As with patents, a design must be new. There must be no other design identical to it. In addition, the design must have individual character: *i.e.* it must be different in the eyes of an 'informal user' from all other designs available before application to register the design.

## 9.5 Trademarks

A trademark is a word, name, symbol or device (or any combination of these) adopted by an organisation to identify its goods and services and distinguish them from the goods and services of others. Trademark protection may be obtained by registration of the trademark in each of the countries where the goods/services are to be sold. Unregistered

trademarks may sometimes be protected by law, usually where there has been long-standing and substantial use.

A trademark may be used to protect those names and symbols associated with certain UHI or its Academic Partner's activities, products or events. Prior to registration for trademark protection, the designation "TM" after a trademark will give notice of a claim of ownership. The term 'registered' or some other description indicating that the mark is registered must not be used unless the mark has actually been registered. The designation '®' is reserved for such use.

The use of trademarks to protect UHI/AP owned properties, or to designate UHI/AP as the origin of a product, event, activity, service or the like, may be instituted only through the Company Secretary or designated IP Manager.

## **9.6 Confidential Information and Design Rights**

In the process of working, researchers and academics may generate new information and know-how relating to work in progress that must be kept confidential in order to maintain competitive advantage. Since such information and know-how will be captured in written or otherwise reproducible form from time to time, a mechanism is required to ensure it is not misused or released publicly.

Such proprietary information and know-how, whether captured in an archival medium or not, are typically referred to as "trade secrets". Unlike copyright, there is no trade secret statute. Protection of trade secrets derives from various legal concepts, including breach of contractual obligations not to misuse or disclose information, breach of trust and breach of confidence. UHI and its Academic Partner's employment contracts and other relevant project agreements include such clauses.

The most important aspect of this type of protection is secrecy. The protection will remain legally valid only as long as the trade secret is maintained as such. In order to maintain protection while a trade secret is being used, it is necessary to bind staff having access to any UHI/AP-derived secret, through a contractual agreement not to disclose it. Such agreements are commonly called confidentiality or non-disclosure agreements (NDAs). These agreements can be accessed through the Company Secretary/designated IP Manager.

In addition, some of external partners may be subject to freedom of information queries, which would require the release of certain company information. However, information may not have to be released if it is commercially sensitive or would otherwise damage the competitiveness of UHI Academic Partners.

## **9.7 Non-Commercial Dissemination**

Intellectual Property owned by UHI and its Academic Partners may be distributed for research and other non-commercial purposes to other educational, scientific and research institutions, etc. particularly if the research underpinning the IP is publicly funded.

Such distribution is usually subject to the condition that any commercial development or commercial use or further transfer of the IP in question will not be pursued with regard to IP created and owned by UHI and its Academic Partners. This condition should be specifically included in a formal agreement or must be contained in a 'Non-Commercial Dissemination Agreement' (NCDA), signed by the recipient of the IP.

In addition, UHI Academic Partners may wish to control subsequent use, for example, by requiring recipients to follow a specific research protocol.

Distribution may be possible in advance of securing protections (such as patents or design rights) by using some form of contractual agreement.

IP may have potential commercial value as well as scientific value. Advice should be sought from the Company Secretary/designated IP Manager about how to make IP available for scientific use in a manner that does not diminish its value or inhibit its commercial development.

## **10. Commercial Development**

Where appropriate, UHI and its Academic Partners will pursue the commercial exploitation of IP. The decision as to what is to be commercially exploited will be made by the UHI or Academic Partner Directorate. If there are external collaborators with ownership rights, they will be involved in decision-making.

Any decision to invest in the commercial exploitation of IP opportunities that emerge will be taken by the designated UHI/AP IP commercialisation Committee, as appropriate. Where there is shared ownership of IP, either between UHI AP's and/or with external collaborators, then a group will be set up to develop and recommend a commercial exploitation plan. This group will be drawn from the IP-owning institutions, with a nominated chair.

Commercial exploitation may include without limitation:

- researching the market for the IP;
- commercialisation through a trading subsidiary;
- entering into discussions with potential licensees;
- negotiating appropriate licenses or other agreements;
- considering spin-outs or company formation
  - UHI/AP may accept an equity position in lieu of cash royalties and fees;
- identifying third parties to commercialise it, if appropriate;
- monitoring progress;
- distributing revenue to originators in accordance with UHI/AP revenue sharing policy;
- selling the IP or the rights associated with it.

The main contact for all of the activities mentioned above is the designated IP Manager, who will involve the originators as closely as possible in any commercial activities as this is a proven approach to maximise the chances of success.

In some instances, distribution and commercialisation of IP may be accomplished by the transfer or licensing of intellectual property rights such as patent or copyright. In other instances distribution and commercialisation of IP may be aided by or depend upon access to the physical or tangible embodiment of the IP as is the case with computer software, physical prototypes or products.

## **11. Receipt and Distribution of Revenues**

Revenue as the result of commercialisation of UHI/AP IP (e.g. royalties, license fees, sale proceeds, realised equity considerations, etc.) will be calculated on a case by case basis and distributed to all relevant collaborators at the close of the relevant financial year as follows:

1. Deduct costs that are directly attributable to a specific case (e.g. cost of filing/maintaining a patent application, prosecution and maintenance of such, materials and manufacturing costs, specific staff costs, marketing costs and so on). Only staff specifically hired to carry out the revenue generating activity are included in these deductions.
2. Distribute any amounts in line with the IP Ownership Agreement in place, as well as any supplementary agreements in place with other collaborators.
3. Of the UHI/AP share, the rewards from commercialisation are to be split between the named originator(s), as stated on the IP Disclosure Form, and the employer of the originator(s). For IP that generates only small gross commercial incomes (or for early revenues from a large project), the originator(s) receive a greater proportion:

<b>Net Income Band (cumulative)</b>	<b>Originator(s)</b>	<b>Employer Institution</b>
£0 - £10,000	80%	20%
£10,001 - £50,000	70%	30%
£50,001 - £1,000,000	50%	50%
£1,000,001+	33.33%	66.67%

Revenue-sharing distributions may be considered taxable income and it is the responsibility of the recipient to properly report and pay tax on this income to any relevant authorities.

It may be necessary to distribute revenues to former staff several years after they have departed. It is the responsibility of each member of staff to keep their contacts details up to date with UHI/AP after departing. If the former staff member cannot be contacted using the details on file six months following the date of distribution, their revenue share will be retained by the employer institution, to be invested in future activities.



## ANNEX 1: Proposed systems/process requirements

Each UHI Academic Partner will agree to adopt the same basic IP policy. However, behind this there may be some variations in the detail of individual IP identification and commercialisation processes adopted.

Therefore, alongside the IP policy each UHI Academic Partner/ employer institution will set up an internal IP commercialisation process that includes a designated institutional point of contact for all IP disclosures/ issues and a group/ panel that will evaluate IP opportunities and agree the next steps (see diagram below for an example of how this might be carried out for UHI owned IP).

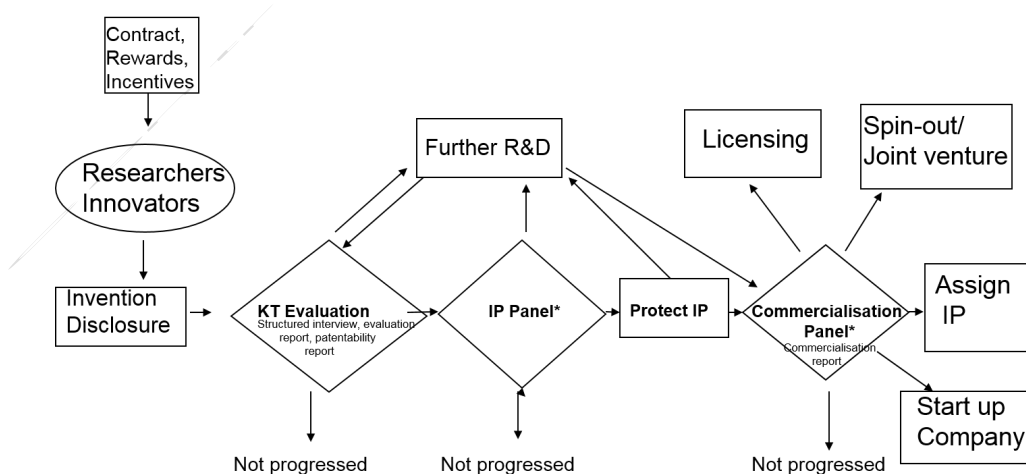
Each UHI AP could, if required, insert their own named persons, posts or groups into their institutional version of the UHI/AP IP policy - as deemed appropriate. For example, the “designated IP contact point” could, be the employer institutions Company Secretary, the KE Manager, the Business Development Manager or the Commercialisation Manager, etc.

Each UHI/AP employer institutions may also wish to insert details of any specific internal or external support staff that may be involved in developing/ commercialising the IP, where appropriate (e.g., legal assistance, grants and contracts, etc.).

Each employing institution will also agree a local Institutional arbitration process and final decision-making group, where required.

If the dispute is between UHI Academic Partner Institutions or groups, the final arbitration will rest with the UHI Partnership Council.

### UHI Commercialisation Process



\* (Vice Principals for Research & Enterprise, Head of Knowledge Exchange, budget holder, Company Secretary, etc.)

Where innovations are not progressed the innovator may be assigned ownership of IP

## **ANNEX 2: Intellectual Property Ownership Agreement**

An Intellectual Property Ownership Agreement (IPOA) formalises the background IP and contribution of each partner to that innovation. Because ownership structures are based on negotiation, and are therefore unique, there is no standard agreement template.

It may include the designation of a lead institution to manage the development and exploitation of the IP, but must include details of how any development costs will be shared across the partners, as well as any specific revenue sharing arrangements between the parties involved.

The table below outlines the subject areas, and specific considerations, that need to be included when creating an Intellectual Property Ownership Agreement.

<b>Subject Area</b>	<b>Specific Considerations</b>
The Project	<ol style="list-style-type: none"><li>1. Name all parties to an IP Ownership Agreement</li><li>2. Name the lead partner (if there is one)</li><li>3. State the start date and end date for the IOA</li><li>4. If work started before agreement was signed, indicate if retrospective effect applies</li><li>5. State fully what resources (human and other) each party to the agreement shall provide</li><li>6. State fully any specific conditions that apply to the provision of partner resources (human and other)</li><li>7. Name the people who are key to the project</li></ol>
Project Management	<ol style="list-style-type: none"><li>1. Name the Project Manager (if there is one)</li><li>2. Lay out the process, and specific actions to be followed (and by whom), for dispute resolution on IP ownership</li></ol>
Background IP	<ol style="list-style-type: none"><li>1. State what background IP each party will provide</li><li>2. State if any party's background IP is confidential</li><li>3. Establish if any background IP may be published</li></ol>
IP Ownership	<ol style="list-style-type: none"><li>1. Describe the IP to be covered by the IPOA</li><li>2. Lay out IP ownership split agreed between parties</li></ol>
Exploitation	<ol style="list-style-type: none"><li>1. State which parties have rights to exploit the IP</li><li>2. State how and what development costs will be shared between parties</li><li>3. State how commercial revenue (if realised) will be shared between parties</li><li>4. Describe the patent status of the IP and how any change in status might affect exploitation strategy</li></ol>
Confidentiality and Publication	<ol style="list-style-type: none"><li>1. State timeline for confidential information i.e. indefinitely or for a defined period</li><li>2. Affirm whether academic use/publication is permitted</li></ol>
Liability	<ol style="list-style-type: none"><li>1. State any warranties that parties are prepared to provide that contributed/created IP does not infringe third party rights</li></ol>

## **Annex 3**

### **Declaration of Assignment**

#### **Declaration of Assignment of Intellectual Property by Postgraduate Students**

The UHI/AP Group Intellectual Property (IP) Policy recognises that, under the terms of the Copyright and Patents Act 1988, where IP is created by an employee in the course of their employment, that the Intellectual Property Right (IPR) is owned by the UHI/AP as the employer.

In order for students to benefit from the revenue sharing scheme available to UHI/AP employees, any postgraduate research students working at UHI/AP, are required to assign the rights to IP arising from their research to your employer institution.

Where research is sponsored by an external organisation, the terms of the contract between the UHI/AP and that organisation will define the ownership of the resulting IP.

UHI/AP makes no claim on inventions, or other forms of IP, which have no connection to your employer institution.

As such, students are required to read and sign two copies of their acceptance of the following declarations. One copy will be retained by the student and one by your employer institution.

#### **COPYRIGHT**

1. I will promptly disclose to my employer institution all copyright works or designs, originated, conceived or written by me, whether alone or with others during the period of my work.
2. For the purposes of Section 2(1) of the Registered Designs Act 1949 and Section 267 of the Copyright, Designs and Patents Act 1988, my employer institution shall be the proprietor of any design to which Clause 4.1 applies.
3. At the request and expense of UHI/AP, I will do all things necessary or desirable to substantiate the rights of UHI/AP under the provision of this Clause
4. I hereby irrevocably and unconditionally waive in favour of my employer institution any and all moral rights conferred upon me by Chapter 1 of Part 1 of the Copyright, Designs and Patents Act 1988 for any work in which copyright or design right is vested in my employer institution, whether by this agreement or otherwise.

#### **INTELLECTUAL PROPERTY**

1. If at any time I make or become entitled to any IP whether relating directly or indirectly to my employer institution, I shall promptly disclose full details to the designated IP Manager. This applies whether I am working alone or with other person or persons. I understand that details (including drafts, early editions, *etc.*) of such IP belong to UHI/AP and may be used in accordance with the provisions of Section 39 of the Patents Act 1977 in the determination of IPR ownership.
2. If the intellectual property belongs to UHI/AP in terms of paragraph 5.1, I shall hold it in trust for UHI/AP. At the expense of UHI/AP, I shall do all things necessary or desirable to enable UHI/AP or its nominee to obtain the benefit of the IP; including, should UHI/AP decide, to secure patent or other appropriate forms of protection for it throughout the world.
3. UHI/AP shall have the sole discretion over decisions as to patenting or exploitation of such intellectual property.

4. I hereby irrevocably appoint the Director/Deputy Director/Company Secretary of my employer institution to be my attorney in my name. On my behalf they will be able to execute, sign and prepare all such documents or other things and generally to use my name for the purpose of giving UHI/AP or its nominee the full benefit of the provisions of Clauses 1 to 4. As far as any third party is concerned, a written Certificate signed by the Director (or nominee) of UHI/AP shall be conclusive evidence that any document fall within the authority hereby conferred.
5. I understand that UHI/AP operates an incentive scheme to share the exploitation of IPR, details of which are available in the UHI and its Academic Partners Intellectual Property Policy.

Signed .....

Name in Capitals .....

Dated .....

Signed ..... For UHI/AP

Position .....

Name in Capitals .....

Dated .....

## **ANNEX 4 – Intellectual Property Disclosure Form**

### **Intellectual Property Disclosure Form**

**Highly Confidential**  
**Intellectual Property Disclosure**

#### **IP Abstract**

--

**Date Submitted** .....

#### **Originator Details**

Originator Status	Name	IP Ownership, %
Lead Originator		
Other Originator		
Other Originator		
Other Originator		
Other Party		
Other Party		

#### **SECTION 1 – General**

**1.1** Is the IP a new product, process, software, machine, or composition of matter?  
Please specify type.

--

**1.2** List the possible applications of this IP.

--

**1.3** List the novel or unused features of this IP.

--

**1.4** Describe any further work you feel needs to be undertaken to bring your IP to a point where a commercial entity would be interested? Approximately how much would this cost and how long would it take?

--

#### **SECTION 2 – IP Description**

**2.1** Provide a detailed description of the IP including any important key words.  
The description must contain sufficient detail so that one skilled in the art could reproduce the IP artefact.

--

**4.5** Give details of the availability of any models or demonstrations of the technology

### **SECTION 5 – Joint Originators**

**5.1** List any joint inventors or collaborators from outside your employer institution. Include the institution, company or organisation of the joint originator(s).

**5.2** Do you have any employment contracts external to your employer institution, if so with whom?

### **SECTION 6 – Commercial and Conflicts of Interest**

**6.1** List any companies which have expressed interest or may be interested in licensing the IP for further development or sale. Include company name, address, telephone number and contact person.

**6.2** Are you a shareholder, officer, director or consultant of any companies named in the previous question?

**6.3** Do you have any support or considerations outside your employer institution other than the named funding body?

**3.3** List any non-SAMS resources including Material Transfer Agreements (MTA's) and any facilities used in the development. Include time period and extent of use.

### **SECTION 4 – Disclosures**

**4.1** Have any disclosures of this technology been made to date?

**4.2** List the first date of conception, place, and corroborating person or records.

**4.3** Please give the date of the first disclosure – written or oral.

**4.4** Please give the details of the first disclosure, place, form and corroborating person or records.

## Paper for Consideration

**Subject:** SMT and AP Quarterly Status Report

**Author:** UHI

**Date of paper:** 4 December 2018

**Date of meeting:** 12 December 2018

### Action requested of committee:

(Tick as appropriate) For information only: ☒ x  
For discussion:  
For recommendation/approval:

### Cost implications:

(Tick as appropriate) Yes: No: ☒ x

### Executive Summary:

As indicated at the last Board meeting, UHI has asked for the Quarterly Status Report to Court be a standing item on Board agendas. The attached report was considered by Court at its meeting on 28 November 2018.

---

Information recorded in College minutes and papers is 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.

**Status of Papers**    **Open** ☒ x                      **Closed**                      (tick as appropriate)

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 and papers about living individuals, under the terms of the Data Protection Act 1988.

Do the papers contain items which may be contentious under the terms of the Data Protection Act 1988?    **Yes**                      **No** ☒ x    (tick as appropriate)

## SMT and AP Quarterly Status Reports

<b>Committee</b>	University Court
<b>Subject</b>	Academic Partner and University Senior Management Team Quarterly Status Updates
<b>Action requested</b>	<input checked="" type="checkbox"/> For information only <input type="checkbox"/> For discussion <input type="checkbox"/> For recommendation <input type="checkbox"/> For approval
<b>Brief summary of the paper</b>	Update reports for period covering 1 September – 30 November 2018
<b>Resource implications</b> (If yes, please provide details)	No <a href="#">Click or tap here to enter text.</a>
<b>Risk implications</b> (If yes, please provide details)	Yes Issues/ concerns captured in paper
<b>Date paper prepared</b>	21/11/2018
<b>Date of committee meeting</b>	28/11/2018
<b>Author</b>	University SMT and AP Principals (compiled by N Oakley)
<b>Link with strategy</b> Please highlight how the paper links to the Strategic Plan, or assist with: <ul style="list-style-type: none"> <li>• Compliance</li> <li>• National Student Survey</li> <li>• partnership services</li> <li>• risk management</li> <li>• other activity [e.g. new opportunity] – please provide further information.</li> </ul>	Information sharing
<u><a href="#">Equality and diversity</a></u> Does this activity/ proposal require an Equality Impact Assessment?	No If yes, please give details: <a href="#">Click or tap here to enter text.</a>



## SMT and AP Quarterly Status Reports

<p><b><u>Data Protection</u></b></p> <p>Does this activity/ proposal require a Data Protection Impact Assessment?</p>	<p>No</p> <p>If yes, please give details:</p> <p>Click or tap here to enter text.</p>
<p><b>Island communities</b></p> <p>Does this activity/ proposal have an effect on an island community which is significantly different from its effect on other communities (including other island communities)?</p>	<p>No</p> <p>If yes, please give details:</p> <p>Click or tap here to enter text.</p>
<p><b>Status</b> (e.g. confidential)</p>	<p>Non-confidential</p>
<p><b>Freedom of information</b></p> <p>Can this paper be included in “open” business?*</p>	<p>Open</p>
<p><b>Consultation</b></p> <p>How has consultation with partners been carried out?</p>	<p>Described in paper</p>

\* If a paper should **not** be included within ‘open’ business, please highlight below the reason.

Its disclosure would substantially prejudice a programme of research	<input type="checkbox"/>	Its disclosure would substantially prejudice the effective conduct of public affairs	<input type="checkbox"/>
Its disclosure would substantially prejudice the commercial interests of any person or organisation	<input type="checkbox"/>	Its disclosure would constitute a breach of confidence actionable in court	<input type="checkbox"/>
Its disclosure would constitute a breach of the Data Protection Act	<input type="checkbox"/>	Other [please give further details] Click or tap here to enter text.	<input type="checkbox"/>

For how long must the paper be withheld? Click or tap here to enter text.

### **Introduction from the Principal and Vice-Chancellor**

The aim of this report is to provide members of the court and academic partner boards with a broad overview of some of the key activities, challenges, and opportunities that are taking place within the university, and to receive these updates directly from the senior management team and academic partner principals.

### **First Partnership Assembly**

Nearly 100 delegates attended the Partnership Assembly in September and whilst it was clear from the discussions on the day that there is a lot of work to do and challenges to overcome, it was also clear that there is a willingness and an appetite to identify and implement changes that will further enhance the student experience and deliver increased opportunities for staff in terms of progression and development. I'm sure we all look forward to hearing from the new Programme board on their activities in due course, and know that we will continue to strive towards excellence for our students, staff, stakeholders, and local communities.

### **Foundation Conference**

We held our Foundation conference in Dornoch at North Highland College's Burghfield House site on 9th October. The conference was well attended with an interesting programme discussing 'what is a university'. This included presentations from Professor Bill Ritchie (former Vice-Chancellor at Lancaster University), Professor Stuart Gibb, Dr David Worthington and myself plus the opportunity for participants to see local facilities with catering provided by our students.

### **NSS**

Overall satisfaction for the University has increased by 6% from 2017 results to 85%. This is 2% above the University's benchmark, and the biggest increase within the Scottish sector with us coming 5th overall in Scotland.

The University's score for Overall Satisfaction is 2% above the Scottish sector meaning that we have achieved the target figure for the Student Satisfaction Critical Performance Indicator (CPI 3a) within the University's Strategic Vision and Plan.

### **Student of the Year**

We also announced the university's Student of the Year winners this quarter. Rhea Kay from Shetland College UHI was named as the Higher Education Student of the Year, Crisdean Saunders from Lews Castle College UHI the Further Education Student of the Year, and James Ellsmoor, a distance-learning student who was enrolled at Orkney College UHI, was awarded the Postgraduate Student of the Year title.

### **Minister for Further and Higher Education**

Mr Richard Lochhead MSP is our new Minister for Further and Higher Education and I have had a number of opportunities to speak with him over the past few months. As a local MSP (Moray) he is well aware of the challenges we face in the Highlands and Islands, but he is challenging us in a very positive way to go much further, particularly regarding interactions with business, economic development and innovation. I have a further meeting with him in early December.

### **Research Capital Funding**

The Department for Business, Energy and the Industrial Strategy (DBEIS) provided a total of £16.7M research capital grant funding to the Scottish Funding Council (SFC) in 2017/18. The SFC matched this and also committed £16.7M for research capital in 2018/19. The SFC allocated this funding in proportion to a university's research income from UK Research Councils. These arrangements led to the University of the Highlands being one of only nine universities in Scotland to receive this funding. In 2017/18 the university received £0.54M. In 2018/19 the University is again one of only nine universities to receive this funding. In 2018/19 the university received £0.48M.

In both 2017/18 and 2018/19 the funding has been distributed across the academic partnership through a standard formula which reflects research excellence. In 2017/18 it was used to fund a wide range of capital projects. For example at SAMS UHI approximately £322K of funding was used to reconfigure laboratory roof space to: (i) make it watertight; (ii) provide adequate drainage; and (iii) replace main chiller units which were at

## SMT and AP Quarterly Status Reports

end of useable life and badly corroded. At Orkney College UHI approximately £15K of funding was used to enhance facilities for the increased number of PhD students within the Institute of Northern Studies. A third example was within the School of Health and Social Care where, reflecting the significant growth of research activity, approximately £82K of funding was used to purchase new research equipment and maintain existing research facilities for diabetes research.

### **Honorary Awards**

We have awarded our first two honorary doctorates, to Eileen Mackay at the Highland Theological College Graduation ceremony in Dingwall and to Dee Bradbury at the Argyll College graduation ceremony in Oban.

### **Ongoing Challenges**

- Further financial uncertainties including single year budget settlements from Scottish Government, FFR's indicating growing deficits, increased pension costs and uncertainty regarding the long term effects of national bargaining.
- Intensification of regional outcome agreements.
- Residences.
- Student price groups.
- Growing competition.
- Brexit.

### **Prof Clive Mulholland**

Principal and Vice-Chancellor

## SMT and AP Quarterly Status Reports

### Deputy Principal

Prepared by Professor Crichton Lang, Deputy Principal and Acting Head of School of Health, Social Care and Life Sciences

### Notable accomplishments

- 12.9.18 Chaired inaugural meeting of UHI Animal Welfare and Environment Committee
- 25.9.18 Visit from President and Finance Officer for the Federation of Ophthalmic and Dispensing Options and Senior Managers from Specsavers to discuss ophthalmology developments and financial support
- 3.10.18 Formal ScotGEM launch, St Andrews University with Jeanne Freeman, Cab Sec - Health and Sport
- 12.11.18 Chaired the inaugural meeting of the Assembly – Programme Board
- 14/15.11.18 QAA ELIR training, Glasgow
- 27.11.18 UHI representative on ScotGEM Programme Board, St Andrews

### Significant events/ awards

- 10.9.18 Chaired annual planning event with direct reports to identify priorities and efficiencies
- 10.9.18 Visit from Chief Nursing Officer to welcome new nursing students and discuss plans for further developments in nursing and midwifery.
- 20.9.19 Met with Ian Kinniburgh, Chair, NHS Orkney to discuss school of health developments
- 21.9.18 Inverness Campus Partnership Forum with John Swinney, Deputy First Minister
- 12.11.18 Visit from University College, Absalon, Denmark to discuss remote and rural educational models

### Collaboration with other academic partners

- 18.9.18 Accompanied Vice Chair of Court on West Highland College visit
- 20.9.18 Accompanied Chair of Court on visit to Orkney College
- 5.10.18 Met with Principals Moray College & Inverness College to discuss Optometry developments
- 11.10.18 Interview Panel for Deputy Principal, Perth College at Perth
- 22.10.18 Attended Convention of Highlands & Islands, Elgin as senior executive representative
- 8.11.18 Met in Thurso with Principal, NHC and NHS leads re Health and Social Care Sept – November attended and presided at several UHI Academic Partner graduation ceremonies
- Sept – November: attended and presided at several UHI Academic Partner graduation ceremonies

### Issues or concerns

Wide range and volume of key external stakeholder demands, in addition to “core” responsibilities is adding very significantly to workloads. We need to manage these effectively and efficiently across the senior team.

## SMT and AP Quarterly Status Reports

### Chief Operating Officer and Secretary

Prepared by Fiona M Larg

#### Notable accomplishments

Following feedback, servicedesk has augmented its out of hours support to the partnership. Two students are taking up roles to extend core servicedesk opening hours. They will provide support by email, phone, live chat and, in a first for servicedesk, drop in support at the Centre for Health Science. The service is available to all users in the partnership.

- Coordination of successful bid to SSE for additional support for STEM resulting in award offer of £150,000.
- Renegotiation of new two year donation package from Lord Leverhulme Trust.
- Approval in principle for financial transactions funding to purchase Centre for Health Science

#### Significant events/ awards

- **Orkney College UHI graduation**

The Chancellor, Her Royal Highness The Princess Royal, presided over the Orkney College UHI graduation at St Magnus Cathedral on 1 October. She presented certificates to 286 graduates including a degree to Niamh Mackenzie, granddaughter of Dr Val MacIver, former Rector and chair of the Highland Council steering group set up to examine the case for creating a university in 1991.

- **First partnership assembly and programme board**

Nearly 100 delegates from across the University of the Highlands and Islands partnership met in Inverness on 26 September for their first ever assembly. Trade unions and the Scottish Funding Council joined staff, students, governors and executive teams to consider how the partnership should continue to develop in the coming years to meet the needs of the region and respond effectively to a rapidly changing world.

A 24-strong programme board, formed from the constituent groups represented on the assembly, met on 12 November. They will be developing partnership-wide options for change to address the challenges identified. With a focus on an equitable student experience across the partnership and a bespoke service to our communities, the board plans to define detailed requirements and then use expert working groups to provide an evidence base. They will present a sustainable way forward to a future meeting of the assembly.

- UHI Foundation Conference held at North Highland College UHI Dornoch campus.
- First meeting of the newly established Development Committee held.

#### Student awards

The 2018 Student of the Year winners are all enrolled at island campuses. Rhea Kay from Shetland College UHI has been named as the Higher Education Student of the Year, Crisdean Saunders from Lews Castle College UHI is the Further Education Student of the Year and James Ellsmoor, a distance-learning student who was enrolled at Orkney College UHI, has been awarded the Postgraduate Student of the Year title.

#### Other awards

- Alumnus of the Year 2018 awarded to Rachael Bews at the Inverness College UHI graduation ceremony.
- Willie Printie Prize for Engineering Excellence 2018 awarded to Alexander Mackay.
- Highland Society of London Prizes awarded to Riven Peake and Yvonne D'Cruz Noble.
- First meeting of the newly established Development Committee and confirmation of Evelyn Johnston's appointment as Chair.
- Highland Society of London Prizes awarded to Riven Peake and Yvonne D'Cruz Noble.

#### Collaboration with other academic partners

- Assistance provided to Lews Castle College UHI for the appointment (and induction) of new board members.
- Liaison meeting held with academic partner Board Secretaries
- Meeting held with academic Audit Chairs (and meeting of academic partner Finance Committee chairs scheduled for mid-December)
- Induction session on the university provided for new board members at Lews Castle College
- Student Development Fund open - applications received from Inverness College UHI, Lews Castle College, North Highland College, Perth College, SAMS, Shetland College and West Highland College

#### Issues or concerns

- Occupancy of student residences remains a concern. Continuing to work to mitigate risks associated with under occupancy.

## SMT and AP Quarterly Status Reports

Vice-Principal Enterprise

Prepared by Jeff Howarth

### Significant events/ awards

The Institute for Health Research and Innovation has received in total £1.75m of charitable funding for schizophrenia research. Plans are now being developed to create national research programme in collaboration with match funding from the Chief Scientist Office.

### Issues or concerns

The capital project in partnership with NHH and HIE is on track but is proving difficult to obtain a formal approved agreement between all the partners.

Also, a grant application for an ERDF extension to this project is also taking far longer than expected to obtain a result. This is causing a threat to timely delivery of the wider project.

## SMT and AP Quarterly Status Reports

### Vice-Principal Further Education and Work-based Learning

Prepared by Diane Rawlinson

#### Notable accomplishments

- Undertaken the Further Education Self-Evaluation of the Regional Outcome Agreement prior to joint FE/HE submission to SFC on 30th October.
- Attended and contributed to three academic partner Evaluative Report and Enhancement Planning (EREP) pre-endorsement meeting on behalf of the RSB, discussing partner EREP submissions to SFC along with associated proposed grades.
- Developed the draft further education aspects of the ROA for 2019/2020 – 2021/2022, including draft targets across all national measures, ready for internal consultation prior to negotiation with SFC during December and January.
- On behalf of UHI, developed responses to two SFC consultations on changes to funding mechanisms.

#### Significant events/ awards

- Organised and jointly ran with the Chair of the Quality Forum a regional FE Quality Review Event to agree a partnership approach to implementation of the regional attainment strategy and shared approach to quality enhancement. Partners at the event endorsed the strategic use of resources such as Associate Assessors to undertake subject- reviews and a thematic regional approach to enhancement of approaches to learning and teaching as well as student attainment.
- Led a collaborative approach to curriculum review and planning at LCC with participation from several partners and LCC leadership and management team.

#### Collaboration with other academic partners

- Attended the Northern Alliance Advisory Forum on behalf of the partnership securing UHI representation on the Northern Alliance Senior Phase Curriculum Work stream, ensuring UHI's extensive senior phase offer is recognised and that it continues to develop in line with Local Authority need across the region.
- Organised and participated in a meeting of Principals and senior staff of SFC to discuss the proposed demographic model for future allocation of further education activity.
- Participated in the UHI Programme Board initiative to identify an agreed approach to working in future.
- Proposed a UHI approach to consultation and engagement with community planning partners across the region on the Regional Outcome Agreement and academic partner contribution to its delivery to align with SFC guidance.

#### Other progress

##### **UHI Work-Based Learning Hub**

- In-year growth in the Modern Apprenticeship contract achieved – an additional net growth of 21 places awarded.
- FA Contract for 2019/21 awarded to support further growth from 2018/20
- Total apprenticeship contract value no exceeding £6.9m.

##### **Single Policy Environment Project**

- Four policies now complete with 5 further nearing completion. Underpinning procedures nearing completion for the initial 4 policies for implementation in the new year.

## SMT and AP Quarterly Status Reports

### Vice-Principal Research

Prepared by Professor Neil Simco, Vice- Principal (Research and Knowledge Exchange)

#### Notable accomplishments

- This autumn has seen the University becoming part of two national Doctoral Training Programmes for the first time, one through the Scottish Graduate School of Arts and Humanities (SGSAH) and the other through the Marine Alliance for Science and Technology (MASTS). This is a significant indicator of the developing reputation of the University in research.
- In September the first student to graduate with a UHI research degree (at Masters level), using the University's research degree awarding powers, graduated from SAMS UHI.
- In relation to knowledge exchange income, the University saw a 2.5% increase in 2017/18 compared with 2016/17. This increase, if sustained, reverses a number of years of declining activity.

#### Significant events/ awards

- The University aspires to make a growing contribution to the Industrial Strategy Challenge Fund (ISCF). It has used University Innovation Fund (UIF) monies to launch a bespoke fund to enable the preparation of bids for major projects. In addition the University is in the process of appointing a new (fixed-term) member of staff to make the link between ISCF national projects and the engagement with these by UHI staff.
- The University's biennial research conference will be held over three days in December 2018 at Perth College UHI and is on course to attract a large number of research students and staff, with a really interesting range of external speakers, internal speakers, and student and staff workshops and paper presentation sessions.
- The University is making preparations for its engagement with the national Postgraduate Research Student Experience Survey (PRES) and results will be known later in 2018/19.
- Preparations for the University's Research Excellence Framework (REF) submission continue, with an excellent training day for the preparation of impact case studies in September, with detailed preparations for the University's Mock REF, and with significant work completed for the required Code of Practice for the REF.

#### Collaboration with other academic partners

- A collaborative relationship is developing with Scotland's Rural College (SRUC) focused on natural capital in the blue and green economy. The two institutions are looking to position for a major funding bid to the next wave of the Strength in Places Fund (UK Research and Innovation Funding). Two inter-institutional meetings have been held, one in September and one in November in order to define specific projects.
- At the time of writing, the University, along with the all other bidders, is awaiting news of whether it has been successful in its Expression of Interest to the Strength in Places Fund. This is a multi-million pound bid which focuses on marine science and which involves UHI, the University of Stirling, the University of Heriot Watt and businesses.

#### Issues or concerns

- The focus on research integrity continues across the sector with the prospect of a revised research integrity concordat in the next year or so, and the potential for enhanced sector wide regulation.



## SMT and AP Quarterly Status Reports

### Vice-Principal International and External Engagement

Prepared by Professor Stuart Gibb

#### Notable accomplishments

- UHI opened its first 'international micro-campus' at the Hunan Institute of Engineering in China (see UHI newsletter, P+J etc). The development builds on an existing working partnership between the two organisations, and will provide UHI a platform for developing undergraduate and postgraduate provision in China and for promoting joint research.
- Awareness raising within the partnership: UHI Staff Newsletter 243 is an 'International Special Edition' and highlights some of the range and diversity of international activity across partnership e.g. International graduation & micro-campus opening; International Students' Day; University welcomes Chinese delegates; My international exchange; International research student spotlight; Student blogs about Japan trip.
- 'International curriculum': Process for 'prioritisation of UHI programmes for international marketing' developed and agreed with PPF and now 'live' within partnership. This aims to help 'develop an internationally distinctive and competitive curriculum that builds institutional reputation and credibility (internationally and nationally)' and 'develop an international curriculum that is recognisable in terms of quality, relevance and responsiveness'.

#### Significant events/ awards

- UHI Graduation Ceremony at Hunan Institute of Engineering – 90 BEng students graduated (Clive Mulholland Presiding Officer); 5 distinctions awarded
- Lectures on promoting UHI, and on University, Regional and International collaboration given at Hunan Institute of Engineering (Xiantang); Central South University (Changsha) and Zhengzhou University of Aeronautics (Zhengzhou), all China.
- Scottish Government Arctic Strategy event (Edinburgh) – Chaired by Cabinet Secretary for Culture, Tourism and External Affairs, Fiona Hyslop.
- Invited by Foreign and Commonwealth Office (with Linda Stewart) to participate in UK-Finland-Russia education / research workshop in Helsinki – presentation given on UHI (emergent opportunities now being explored and shared with partnership)
- Appointed Visiting Professor at Hunan Institute of Engineering

#### Collaboration with other academic partners

- Application to British Council for developmental finding (Vietnam)– OC, IC
- Graduation ceremony at Hunan Institute of Engineering with PC
- Development of pilot micro-campus concept in Hunan, China (see above) – all APs
- University of Arctic and at joint UK-Finland- Russia workshop - SAMS, LCC, PC Centre for Mountain Studies)
- Completion ceremony for HOME project to promote links between UHI and Changsha University of Science and Technology – NHC, PC, EO

#### Issues or concerns

- Aspirations and expectations around international student recruitment needs to be balanced with, and in proportion to, the level of investment and resources available
- Ability of partnership to work coherently and collegially in a consistent manner

## SMT and AP Quarterly Status Reports

### Vice-Principal Tertiary

Prepared by Lydia Rohmer

#### Notable accomplishments

- Working with the regional Tertiary Curriculum Mapping Group, a project proposal and technical proposal for the development of an online tertiary curriculum mapping tool has been completed. The strategic business case has been approved by UHI SMT and Partnership Council. A tender process was agreed and advertised on PCS in early July 2018. Unfortunately, there were no responses to the tender, and a single provider process is currently being worked on to progress the project with a contractor UHI have previously engaged with for similar work.
- Due to compliance with procurement regulations, this process had to be extended in consultation with APUC, who are currently assisting in helping to deliver a final procurement solution.

#### **Branding and Positioning Project - Key stages of the project:**

- Establishing the project and co-design team - Status: Completed
- Creating the conversation campaign and creative concepts – Status: Completed
- Initiating the conversation: launch the campaign internally and externally, using on- and off-line avenues for engagement, and capturing, monitoring and sharing feedback. (Status: completed)
- Deepening the conversation with one-to-one consultations with relevant people internally and externally using feedback from the launch phase. (Status: completed)
- Status: Internal interviews and workshops with staff and students (Status: completed)
- 'Top down' approach to identify key market challenges, and using available data to refresh market segmentation (Status: significant progress made working towards completion)

#### **Planning the future and expected outputs:**

- Creation of brand strategy plan including positioning, messaging, implications for brand architecture, visual/verbal identity and external communication planning.
- Framework for an integrated marketing communications plan.
- Infrastructure recommendations to implement the integrated marketing plan.
- KPI setting and tools to measure progress.

Status: Due to family bereavement, the interim findings and report from the consultant were delayed by two months, but have now been received. The interim results will be put through further testing with internal stakeholders prior to presentation of the final brand strategy related outputs, now scheduled for January 2019. The project interfaces with other work streams, including the staff working group and HISA. The project also interfaces with international branding and positioning of UHI led by Stuart Gibb.

#### **Widening/Fair Access**

Work is being scoped to refresh the university's widening access policy and to ensure all areas of admissions and support across the partnership align their approaches. This will include both qualitative and quantitative analysis and action planning to support the policy refresh.

#### **School-College Liaison Strategic Review**

Following a short life working group in August/September, a review has been initiated of UHI's strategic school-liaison work. Expected outputs will include a review of school-college link provision across all local authorities, with a view to develop a branded UHI curriculum that can be offered to every single high school in the Highlands and Islands. In addition, this will incorporate work on widening access from school into FE/HE (see the project in the previous paragraph), and positioning the UHI brand prominently in schools as a first post-school choice within the region (this relates to the Branding project outlined earlier).

#### Significant events/ awards

- Continued representation of UHI in the Learner Journey Review – Implementation Task Group and National Articulation Forum.

## SMT and AP Quarterly Status Reports

### Vice-Principal Strategic Harmonisation and Organisational Efficiencies

Prepared by Iain Macmillan

#### Collaboration with other academic partners

- Following on from the Partnership Council agreement on 27 June 2018 to progress with the proposals for Finance and HR services to examine the opportunities and challenges associated with “integrated” and/or single service models. This step-change transformation programme would take 3-5 years to complete and proposals have been prepared which would have an initial single service model in operation across multiple partners by 1st Aug 2019. The proposals outlined the resources required to deliver the changes.
- The role of HR Practitioners Group has been reviewed with the membership and a report produced for SMT consideration.

#### Issues or concerns

- The lack of direction in relation to future overall operating models appears to have reduced the enthusiasm for considering alternative service models. While it is hoped that some direction will result from the new Assembly/Programme Board initiative, the current lack of clarity is not helpful. There is a general unwillingness to consider proposals which involve the transfer of staff without a clear overall strategy, and this will be a significant constraint in considering new shared/single service models.
- The Vice-Principal (Strategic Harmonisation and Operational Efficiencies) resigned from the half-time seconded role on 9 November 2018.

## SMT and AP Quarterly Status Reports

Argyll College UHI

Prepared by Maureen McKenna, Head of Marketing and Communications

### Notable accomplishments

- New Principal and Chief Executive Officer, Martin Jones, took up post on November 5th 2018.
- Following Ministerial approval of the Draft Order “The Assigned Colleges (University of the Highlands and Islands) Order 2018” was laid in parliament on Wednesday 26th September. This will come into force on 5th December and Argyll College will be assigned to University of Highlands and Islands.

### Significant events/ awards

- Graduation Ceremony took place on 28th September where over 90 FE and HE students graduated and President of SRU Dee Bradbury received the second Honorary Doctorate awarded by UHI.

### Collaboration with other academic partners

- Marketing team collaborated with all UHI APs, CDN and 22 colleges across Scotland in national Marketing campaign in November. [www.choosecollege.scot](http://www.choosecollege.scot)
- We continue to work with SAMS and EO and other local partners on the Oban as a university town project.
- We are undertaking joint staff recruitment with colleagues in West Highland College for a digital marketing officer.

### Issues or concerns

- There are ongoing concerns about the suitability of some of our estate to match the needs of our students and to provide an equal experience for them when compared to the rest of our College and UHI more generally.
- Concerns over national bargaining costs generally and in particular the recently announced rise in the Teachers Pension contribution rate of 5.2% from April 2019.

## SMT and AP Quarterly Status Reports

Highland Theological College UHI

Prepared by Hector Morrison, Principal

Response received – nothing significant to report during the period.

## SMT and AP Quarterly Status Reports

### Inverness College UHI

Prepared by Carol Sutherland, Marketing and Communications Manager

#### Notable accomplishments

- Alex Clouston, a second year apprentice with Pipedream Plumbing in Orkney, is one of eight competitors taking part in the national finals on 15th to 17th November as part of WorldSkills UK Live, the UK's largest skills, apprenticeship and careers event.
- A collaboration with Little Pink Books Publishing, based in New South Wales, will provide HND Visual Communications students the opportunity to design illustrations for a number of manuscripts. The project forms part of the students' coursework, but there is potential for a student to be offered a full picture book illustration contract at the end.
- Dr Carol Langston, Head of Entrepreneurship, visited MIT with HIE to develop news ideas on the role the college and wider university can play in supporting, education and collaborating with businesses.
- Supported Education students have teamed up with Highland-based charity Health and Happiness to create a video which has won a place on the SQA Shine exhibition touring Scotland this month.
- Former Inverness College UHI student Rachael Bews received the Alumnus of the Year award at the graduation ceremony on 4th October. Adam Millington-Bailey, an HNC Social Services student was presented with the Ina Maciver Award at the same ceremony.
- Three members of staff achieved their PhD in the last year: Helen Coker, Alice Mongiello and Carol Langston.
- Inverness College UHI has been accredited by the Scottish Living Wage Foundation as a UK Living Wage employer.

#### Significant events/ awards

- Applied Music, Film Making, Acting and Performance, Drama and Performance and Creative Writing students from across the partnership came together for a Collaborate and Create showcase hosted at Inverness College UHI on 13th September.
- Tom Edgar, who is undertaking a two-year adult apprenticeship Makar, came third in the Carpenters' Craft Competition, beating off competition from more than 60 trainees from 200 colleges across the UK.
- Annie Bonney and Fraser Szyborski-Welsh, BA (Hons) Drama and Performance students co-presented the Highlands and Islands Tourism Awards (HITA) ceremony. Leanne Munro, a 3rd year BA (Hons) Visual Communication and Design student won a separate competition to create a marketing campaign aimed at attracting the next generation of visitors to the Highlands and Islands.
- CREATE has developed a newly-accredited Masters-level module for SES 'The Enterprising Educator' to complement the existing Enterprising Practitioner's Programme.
- Ryan Assal, a third year BSc (Hons) Forest Management student, won the Tilhill Forestry Award for Best New Planting Application following a report he prepared on woodland creation.
- Julie Jones, a care practice lecturer will deliver free classes for parents and carers to help them support children's learning in the home as part of the Learning Together Programme designed by PEEPLE.
- Inverness College UHI hosted the north's first Scotland's Apprentice Convention held on 8th November. The CPD event for apprentices included workshops and activities mirroring the main event in Edinburgh.
- A delegation from Henan University of Urban Construction visited Inverness in October.
- Guidance staff accepted a highly commended award at the CDN awards for Health Promoting College, recognising the work the team has done to support student and staff mental health wellbeing.

#### Other activities/ progress of note

- In response to increased demand, we are now delivering a Modern Apprenticeship in Cyber Security. Capgemini has signed up 12 employees, with a further 10 to come on board in January 2019.
- Students will be encouraged to 'Paws against Stress', an initiative to help them relax.
- Amanda Bryan has been appointed head of the Scottish School of Forestry on an interim basis following the departure of Elizabeth Barron-Majerik, who recently took up the post of Lantra Scotland director.
- It is hoped to make an announcement soon on the successful bidder and start date for the Longman demolition. The land will then be marketed for sale as a vacant site.
- A project launched by the Rivers and Lochs Institute, as part of the AMBER project, will help identify unreported river barriers and issues impacting of rivers in Scotland.
- Richard Lochhead visited on 14th September when he met senior managers and students to discuss work to widen access and help those from disadvantaged backgrounds access further or higher education.
- Two new Modern Apprenticeship frameworks have been launched - Childcare and Hospitality Supervision.

## SMT and AP Quarterly Status Reports

Lews Castle College UHI

Prepared by Iain Macmillan

### Notable accomplishments

- Kate Mawby, Dr Rachel Erskine and Dr Eilidh MacPhail were Highly Commended award at the recent Student Support Initiative Awards for their work on the Mental Health Toolkit.
- Eddie Graham was the winner of the Most Engaging Video Conference Tutor award in the HISA Awards 2018. Three other members of LCC staff also received an award of highly commended.
- Crisdean Saunders was named as LCC's Further Education Student of the Year and was also named as the Further Education Student of the Year across the whole of the UHI.

### Significant events/ awards

- Our annual FE Course Completion Celebration took place on Thursday 14 June where staff, friends and families joined students to receive their awards and certificates. Nominated by lecturers, support staff and students across all college departments, the awards celebrated achievement, success and endeavour across the curriculum.
- Students from Glasgow Kelvin and Newbattle Abbey colleges were at LCC for a week in June, on a week-long course to improve their Gaelic skills. Throughout the week, they had language classes in the morning, followed by an excursion each afternoon. On Friday, the group participated in a jewellery workshop run by Christina Mackenzie.
- A technology week took place in August to mark the official opening of our Innovation Centre. A range of events took place throughout the week including STEM activity for children and various taster sessions. Presentations from experts in Aerofoil and aircraft engineering were given on innovation in their specialist fields.
- Our annual HE Graduation and Prizegiving Ceremony took place in August which saw graduates being piped down Francis Street to be seated in Martins Memorial Church. The guest speaker on the day was Don MacKay, Operations Director for EDF. UHI Principal and Vice Chancellor Professor Clive Mulholland formally opened the graduation and discussed the advancements that had been made by the university over the past year.
- This year's winner of the Natural Retreats Jewellery Award was Claire Redman, a student on the Lews Castle College UHI NC in Jewellery course. This is the second year of the award and Claire's exceptional piece is now on sale in the gift shop at Lews Castle.

## SMT and AP Quarterly Status Reports

### Moray College UHI

Prepared by David Patterson, Principal

#### Notable accomplishments

- Integrative Health student, Teresa Elliot, won Scotland Student of the Year 2018 at CDN awards
- College's Moray Foodbank Project which previously won the UHI Student Support Initiative Award was also a short-listed finalist at 2018 CDN awards

#### Significant events/ awards

- Moray College UHI 2018 Graduation: definitely the 'feel-good' event in Moray this year!
- College Construction students awards evening: 40 prizes sponsored by 25 industry employers
- UCAS Fayre: hosted the UCAS event for all school and college students in Moray interested in higher education, apprenticeships, volunteer and gap year programmes, or career opportunities
- Dr Gray's NHS Airways Day: hosted the only Pre-Hospital Advanced Airway Workshop in the North of Scotland geared towards Remote and Rural Medicine Fellows, Care practitioners, and GPs
- CareerReady Launch: the new 2018 cohort of over 50 school interns met their mentors for the first time at this induction event
- CoHI: hosted the Autumn Convention of the Highlands and Islands for Scottish Government and member organisations, supporting alignment and sustainable economic growth
- 'Future' Sector Days: a series of DYW 'Moray Skills Pathway' events run to allow Moray school pupils to explore learning and career opportunities across local priority occupational sectors
- Moray Growth Deal: gets an important mention from the Chancellor on Budget Day
- Cooper Park (Elgin) modernisation: Skills for Choice L4 and Sport and Fitness L6 students work with local employers to improve the Cricket Pavilion, Boat Hut, Pond and Crazy Golf facilities

#### Collaboration with other academic partners

- Continue to work with School of Health and Inverness College on Optometry degree development
- Continue to work with Inverness College on Moray Growth Deal plans for Entrepreneurship and micro/small business scale-ups (including joint visit to MIT in Boston with Scottish Universities)
- Early discussions with Perth College on future plans to support Boeing investment at RAF Lossiemouth through the Moray Growth Deal
- Developing Graduate Apprenticeship BA Early Learning and Childcare with Inverness, North Highland, Perth and Argyll Colleges.
- Working with Inverness and West Highland Colleges on self-evaluation and quality enhancement work piloted through the College Improvement Project



## SMT and AP Quarterly Status Reports

### North Highland College UHI

Prepared by Donald MacBeath, Principal

#### Notable accomplishments

- In November, the successful revalidation of the UHI Professional Golf degree. No conditions applied and five commendations given. These included the Programme Team's professionalism and the strength of the partnership-working with the Professional Golf Association (PGA), the quality of student placements (particularly the availability of overseas placements), North Highland College UHI's investment in specialised resources and the forward thinking of the NHC SMT to put measures in place to enable enhancement and further development.
- Also in November, a networked Programme Team led by staff at North Highland College UHI successfully secured the validation of a new UHI MSc degree in Engineering Systems.
- North Highland College, along with Norscot Joinery Ltd and Lean Green Consulting, have recently started work on a SFC Futureequipped funded Project for Smart Home App Development. The project focus is on rural homes, with a particular emphasis on maximising accessibility through digital supported single-storey living. The relative remoteness of rural living and distances from care centres provide obvious challenges for many residents.

#### Significant events/ awards

- In September, the annual North Highland College UHI graduation event was held in Wick St Fergus church.
- Local employers were welcomed at North Highland College UHI in Thurso to share industry knowledge and career guidance to students as part of the college's first **Employer Industry Day**. Organised by the college's enterprise team, the event was attended by representatives from JGC Engineering, NHS, Dounreay, Beatrice Offshore Windfarm Ltd, Envision, Civil Nuclear Constabulary, Highlife Highland, Scottish Ambulance Service, The Caithness Collection, Scottish Ambulance Service and SSE
- Richie Bryan Gavryluk, 25, a chef de partie, at the Boath House in Nairn was announced **the 2018 Young Highland Chef** winner at a celebration dinner the NHC Burghfield campus in Dornoch on Mon 29th Oct.
- Four engineering degree students Kevin Richard, Barry Gannon, Mark Graham and Alexander Mackay at North Highland College UHI in Thurso, received awards from Industry bodies recognising their outstanding achievements throughout their studies. All four students, study at the North Highland College's Engineering Technology & Energy Centre (ETEC).

#### Collaboration with other academic partners

**In this report we concentrate on the international activities of our ERI colleagues;**

- In September staff attended the REGINA Project Flagship Conference in Rovaniemi, Finland.
- In October staff attended the Arctic Circle Assembly in Reykjavik, Iceland as part of a piece of work mapping Scottish – Arctic research links for the Scottish Government.
- The final conference for the Circular Ocean project was held in Cork, Ireland presenting ERI's findings on the effects of marine plastics on seabirds throughout northern Europe.
- Also in October was a Phos4You project event in Rotterdam, Netherlands where ERI is working on small scale solutions for phosphorus recover in remote, rural, and island areas.
- An ERI PhD student recently travelled to the Naval Postgraduate School in Monterey California, USA where he is working on non-conventional analysis using High Frequency Radar.
- Staff attended the International Peatland Society's Annual Symposium in Rotterdam, Netherlands, in September 2018.
- An ERI staff member recently travelled to Alesund, Norway to kick off a new project, Blue Circular Economy looking at tackling marine plastic waste, particularly fishing gear, in the oceans.

## SMT and AP Quarterly Status Reports

Orkney College UHI

Prepared by Bill Ross, Principal

### Notable accomplishments

- Very successful re-validation of Archaeology PhD programme in November.
- Working with DYW Orkney and NHS the hospital hosted an insight event aimed at giving young people interested in health care profession careers an opportunity to find out more. Fifty one pupils from S4-S6 at Kirkwall Grammar School, Stromness Academy and Sandy Junior High School attended.

### Significant events/ awards

- Annual Graduation and Awards Ceremony took place in St Magnus Cathedral Kirkwall on Friday 28 September and was attended by Her Royal Highness, The Princess Royal.
- In October 2018 a new Assistant Principal was appointed replacing long service colleague Issy Grieve who retired earlier in the year. Tom formally worked for the University of the West of Scotland.
- Professor Eddie Abbott-Halpin, from Leeds Beckett University, will take over as principal of Orkney College UHI when Dr Bill Ross retires from the post after 17 years in December.

## SMT and AP Quarterly Status Reports

Perth College UHI

Prepared by Margaret Cook, Principal

### Notable accomplishments

- Approval of PG Cert in Resilience Leadership and Management programme ready for delivery from January 2019. This programme is the result of collaboration with Scottish Government Resilience Development service and includes a Cyber risk module.

### Significant events/ awards

- Perth College UHI Caretaker of the Month and Cleaner of the Month Awards given to staff for October 2018.
- Received funding for two electric vehicles from Perth & Kinross Council Community Planning Partnership.
- The MBA team hosted a Chinese delegation from Henan University of Construction for a Learning and Teaching development day and feedback was extremely positive.
- The Business and accounting team hosted a successful Employer Insight event for Accounting students where 30 students were able to engage with 6 key organisations for the local area.

### Collaboration with other academic partners

- Attended Environmental Association of Universities and Colleges (EAUC) Climate Change Reporting Peer Group Review meeting at Glasgow Kelvin College on 1st November.
- Initial work is being carried out by the Accounting team on a potential Financial Services product in collaboration with Inverness.
- The Re-approval of the Accounting and Finance degree is imminent and this will see the addition of a Management development module thus broadening the programme in line with industry requirements.

### Issues or concerns

- BMC are waiting for more information on the roll out of Brightspace and how this will be implemented. It is noted that discussions are ongoing with UHI and PC but until the definitive implementation plan is known this is a cause for concern across the team.

## SMT and AP Quarterly Status Reports

[Sabhal Mor Ostaig UHI](#)

No report provided.

## SMT and AP Quarterly Status Reports

### Scottish Association for Marine Science UHI

Prepared by Nick Owens

#### Notable accomplishments

- We successfully launched our new research strategy, which identified three 'areas' through which we organise our science structure.
- The purpose of a Research Area is to create a community of staff with common interests and to enable greater connectivity and collaboration within SAMS UHI. They will encourage active sharing of information, and the pursuit of new opportunities. The areas and leaders/deputy leaders are as follows:
  - Blue Economy (Adam Hughes / Sally Rouse)
  - Dynamic Coasts (Clive Fox / Suzi Billing)
  - Ocean Systems (Finlo Cottier / Raeanne Miller)
- The Erasmus Mundus Joint Masters Degree ACES (AquaCulture, Environment and Society) gained formal re-approval for a further five years. Radboud University in the Netherlands has come on as a fourth partner to join UHI and the universities of Nantes and Crete. The course attracts aquaculture researchers from across the globe.
- SAMS UHI achieved a 100% satisfaction result in The National Student Survey results.
- Our current MSc by research in Marine Science research was revalidated as an MRes in Algal Biotechnology, Biology and Ecology.
- Four SAMS UHI staff were named on the United Nations Global Reporting and Assessment of the State of the Marine Environment Panel of Experts (out of 32 UK experts) – Bhavani Narayanaswamy, Steven Benjamins, Tom Adams and Adam Hughes.
- SAMS UHI entered a team into the Oban Raft Race for the first time. The team's plastic pollution inspired raft didn't win but won the 'best-dressed raft' prize and raised awareness of plastic pollution locally.

#### Significant events/ awards

**September 6** - A SAMS UHI student became the first person to be awarded a University of the Highlands and Islands' Master of Science by Research Degree.

Eleanor Wood, who now works as a research technician at Swansea University, received her award at the SAMS UHI graduation on September 6 as one of 46 graduates and prizewinners. The University of the Highlands and Islands obtained Research Degree Awarding Powers last year.

The successful graduation took place in Oban's Argyllshire Gathering Halls. Keynote speaker was Prof Stuart Monro, Scientific Director of the Scottish Consortium for Rural Research.

**September 18** – Professor Elizabeth Cottier-Cook, a marine biologist at the SAMS UHI, discussed 'alien invasions' during her inaugural professorial lecture.

Professor Cottier-Cook is an international authority on the impacts non-native species have on the marine environment who has collaborated with researchers across the globe.

Her lecture was entitled 'The Day of the Triffids - Alien invasions and the future security of our oceans'.

**September 27** – SAMS staff celebrated the 10th birthday of 'Talisker', now one of the oldest robotic underwater gliders in Europe.

Gliders are deployed for months at a time to take measurements such as oxygen, salinity and temperature in the deep ocean and have been gathering crucial data for oceanographers. Having already travelled 11,500 kilometres, spent 622 days at sea and recorded 6,484 oceanographic profiles, Talisker has been as far as Iceland on her missions, often braving force 10 storms and high seas.

To mark the 10-year milestone, SAMS scientists made a birthday cake and invited SAMS colleagues to come and learn more about the work of gliders and other autonomous vehicles.

## SMT and AP Quarterly Status Reports

### Shetland College UHI/ NAFC Marine Centre UHI

Prepared by Jacqui Clark, Joint Operations Manager, Shetland College UHI

#### Notable accomplishments

- A new School/College programme for 2019/20 has been developed by NAFC in order to deliver an alternative to Foundation Apprenticeship in Engineering. NC Engineering Systems will substantially differ from SfW Engineering and be targeted to S5 and S6 pupils. There is an identified positive contribution to local, regional and national DYW targets and addresses STEM priority initiatives. NAFC are also developing a new course for approval. The CPD in Aquaculture Management (SCQF 8) is recommended to the faculty of science, health and engineering for approval. The award will be available to students outside the UK on a distance-delivery basis.

#### Significant events/ awards

- Rhea Kay from Shetland College UHI was named as the University's Higher Education Student of the Year. Rhea Kay (23) from Whalsay, recently completed the university's BA (Hons) in Contemporary Textiles. Rhea features in a short film about the degree programme.
- Meanwhile, students from Shetland and beyond attended Higher Education (HE) graduation and Further Education (FE) award ceremonies for Shetland College UHI on Friday 7th September. NAFC Marine Centre's Annual Awards Ceremony meanwhile was held on Friday 12th October 2018.

#### Collaboration with other academic partners

- Shetland College launched [Project SEARCH](#) in September. This is a one-year programme supporting young people with additional needs to gain skills and experience aimed at helping them move into sustainable employment. The programme is delivered in partnership with Shetland Islands Council.

#### Issues or concerns

- The final business case will be presented during early December to Governing bodies for a decision on whether to merge Shetland College UHI with NAFC (Shetland Fisheries Centre Trust). An information hub with information for staff, students and stakeholders was launched in early September and has provided information along with the opportunity to provide feedback and comments. [Find out more information on the website.](#)

## SMT and AP Quarterly Status Reports

West Highland College UHI

Prepared by Lydia Rohmer, Principal

### Notable accomplishments

#### **Centre for Science, Technology, Health and Engineering, Fort William**

- A full business case was submitted to UHI for endorsement in early October 2018, and subsequently forwarded to Scottish Funding Council for a capital decision point
- SFC have approved the full business case in principle, subject to a funding route being found
- Discussions have taken place between the college, UHI, HIE and SFC on how best to develop routes to funding.
- Strategic Funding Application for Chair in Tourism (with specialism in Adventure Tourism)
- The application has been approved by UHI in September 2018, and work has taken place to develop role particulars and recruitment approach. This has been a collaborative effort between the college, Faculty and VP Research. The post will now be recruited for in early December 2018.

#### **Strategic Investment to build UHI Capacity for Engineering and Digital**

- The college applied to UHI for strategic investment to enhance local capacity for Engineering and Computing, to support curriculum development and staffing capacity in response to local employer demand and in transition to the expanded curriculum available through the new Centre for Science and Technology in 2019/20. The application was approved by UHI in September 2018, and a new Project Director for STEM has been recruited. A recruitment process for Digital is currently under way.

#### **Graduation 2018**

- A highly successful graduation ceremony took place in Fort William on 5 October 2018. Around 250 eligible full-time further and higher education students graduated, with over 100 in attendance, celebrating with their families, friends and staff from the college and the university. Prof Clive Mulholland presided, with inspiring guest speaker Fiona Quinn, the world's first women to walk, cycle and stand-up paddleboard from Land's End to John o'Groats. The ceremony also included two HISA sporting blue awards to students, and most inspiring lecturer award.

### Significant events/ awards

- The college's employability student Garry Whyte has won the Scottish Training Federation Awards for Employability Fund Achiever of the year. The winner was announced on the afternoon of the 25th September as part of the STF Conference at Crieff Hydro.
- Skye based student Sarah Matheson's Higher Photography portfolio was chosen from 2300 Higher Photography entries in Scotland as one of 26 for the 'Higher Vision' exhibition in the Scottish Parliament in November 2018. Sarah is a continuing student on the college's new HNC Photography this year.
- The college recently hosted visits from Kate Forbes MSP and Minister for Public Finance and Digital Economy; and from Richard Lochhead MSP, Minister for Further and Higher Education and Science. Both were keenly interested in the college's development, in particular its advanced plans for a STEM centre in Fort William and its economic benefits. They also met with a range of staff and students to see how the college uses networked learning and teaching to maximise access in remote rural areas for all learners.

## Draft Minutes

**Meeting reference:** Engagement 2018-19/02

**Date and time:** Thursday 8 November 2018 at 5.30pm

**Location:** Room 019

**Members present:** John Dare, Sharon Hammell, Prince Honeysett, Ann Irvine (by teleconference), Lynn Oswald, Deborah Hutchison

**Apologies:** Margaret Cook, David Littlejohn, Veronica Lynch, Susan Hunter

**In attendance:** Lorenz Cairns, Depute Principal (Academic)

**Chair:** Sharon Hammell

**Minute Taker:** Maureen Masson, Secretary to the Board of Management

**Quorum:** 3

Summary of Action Items			
Actions from meeting			
Ref	Action	Responsibility	Time Line
6.1	<b>HISA Perth College Update</b> Check protocols around provision of strips in terms of sponsorship	HISA President	ASAP
6.2	<b>Enhanced Student Engagement</b> Develop an Implementation Plan with milestones and targets	HISA President working with the Depute Principal (Academic)	ASAP
7.1	<b>Balanced Scorecard Update</b> Provide a breakdown of sickness absence and turnover for academic staff and support staff	Head of HR and OD	For next meeting
8.1	<b>External Engagement</b> Discuss opportunities for the building links with local independent schools	Depute Principal (Academic)	ASAP
9.1	<b>HR Update</b> Provide feedback to Head of HR and OD about style of report	Secretary	For next meeting

## Minutes

Item	Action
<b>1 Welcome and Apologies</b>  The Chair welcomed everyone to the meeting, in particular Lynn Oswald and Deborah Hutchison who were attending their first Engagement Committee meeting. The Committee noted that Michaelangelo Philippides, HISA Vice President (Education and	



Engagement) had resigned from post to concentrate on his studies. Chelsea Ross, who has come second in the election for Vice President had agreed to take on the role for the rest of the year.

Apologies were noted.

The Committee wished to record its thanks to Charlie Shentall for his commitment and contributions to the Engagement Committee while he was a member. Charlie stepped down from Engagement Committee following the last meeting.

## **2 Additions**

There were no additions to the agenda.

## **3 Declaration of Interest in any Agenda Item**

There were no declarations of a conflict of interest in any agenda item.

## **4 Minutes of Meeting held on 30 August 2018**

The minutes were approved as a correct record.

## **5 Actions Arising from Minutes on 30 August 2018**

### **\*7.2 Enhanced Student Engagement by HISA**

Prepare an action plan to address challenges identified in student survey outcomes and to improve engagement in terms of academic business

**Action update:** on the agenda for the meeting

### **\*8.1 Balanced Scorecard Update**

Further analysis of sickness absence figures presented to Committee and H&S Committee.

**Action update:** the Balanced Scorecard contained the updated sickness absence figures and was the agenda for the meeting.

### **\*9.1 External Engagement Update**

Include a flavour of the work of City Development Board in the report

**Action update:** on the agenda for the meeting

### **\*9.2 Development Trust**

Paper to go forward to the Board

**Action update:** Action complete – considered by the Board at its last meeting.

### **10.1 Board Development**

Invite Principal of Forth Valley College, Ken Thomson, to a future Board development evening (possibly May 2019).

**Action update:** Action complete – Ken Thomson to attend in May.

## **6 Student Engagement**

### **\*6.1 HISA Perth College Update**

The Committee noted the HISA Perth College report and ongoing activity. The Committee welcomed the work of the focus groups including the relatively high number of class representatives undergoing training and the development of sports initiatives working with ASW staff. It was agreed to check the protocols regarding the provision of strips, particularly if they carried sponsorship.

HISA  
President

### **\*6.2 Enhanced Student Engagement**

The HISA President introduced the paper which set out HISA's plans for Student Engagement. The Committee noted the paper and welcomed the detailed plans for the different aspects of work, and the emphasis to given to improving engagement in academic areas and representation.

The Depute Principal (Academic) suggested that an implementation plan be developed to sit alongside the bigger plan and the Committee endorsed this proposed approach. An implementation plan should set out key milestones at various intervals to demonstrate impact. It was agreed that the Depute Principal and HISA President would review existing examples of implementation plans to prevent something being developed from scratch.

HISA  
President/  
Depute  
Principal  
(Academic)

Whilst the Committee did not need to see the full document going forward, it would be keen to see an implementation plan at its next meeting.

### **\*6.3 Student Partnership Agreement 2018-19**

The Committee noted the student partnership agreement proposals. The Committee welcomed the work to increase

visibility of HISA around the campus and representation and engagement activities. It was hoped that this work would contribute to an upward trend for HISA in the Student Surveys.

## **7 Balanced Scorecard Update**

- 7.1** The Depute Principal (Academic) introduced the paper and the Committee noted the position for key indicators taking account of the commentary provided. The Committee noted the particular circumstances that contributed to change in trends, positively or negatively. In terms of sickness absence, the Committee commented on the rising trend and asked to see a breakdown of figures for support and academic staff. The Committee further noted staff turnover was lower than last year, despite perceptions, but also asked for that to be broken down by support staff and academic staff member.

Head of HR  
and OD

## **8 External Engagement**

- 8.1** The Depute Principal (Academic) introduced a paper prepared by the Vice Principal (External) which set out key external engagement activities since the last meeting.

The Committee noted the report and was pleased to hear that the number attending the Open Day was high and that the event was successful. The Committee wished to record its thanks, adding to those already expressed by the Principal, to all staff who participated.

The Committee noted ongoing international work and that the Principal was in China for graduation and the opening of the micro campus amongst other business.

The Committee discussed the Tay Cities Deal and the recent announcement of the closure of the Michelin factory in Dundee, and whether that may have an impact.

The Committee also discussed the recent announcement of moves of media companies to Scotland and whether there were any opportunities for Creative Industries in terms of film and/or TV. The sector would closely monitor emerging proposals to ensure it was alert to any new development/possible opportunities.

It was agreed that a member of the Senior Management Team, through the Depute Principal (Academic), would discuss the possibility of building links with local independent schools as this was recognised as an area that could be developed.

Depute  
Principal  
(Academic)

## **9 Staff Engagement**

## 9.1 HR Update

The Committee noted the paper introduced by the Depute Principal (Academic). The Committee recommended that the drafts should avoid being written in the first person for future papers. The Committee noted the timing for professional reviews had altered to align with the operational planning cycle.

Secretary

## 11 Board Development

### \*11.1 Board Development

The Board noted a paper outlining the planned development events planned for 2018-19.

## 12 Committee Minutes

12.1 EDIT 6 September 2018 – noted

## 13 Date and Time of Next Meeting

- 31 January 2019

## 14 Review against Terms of Reference

The Committee agreed it had discussed business in line with its terms of Reference.

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** ☒      **Closed** ☐

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 1988. 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 1988?      Yes ☐      No ☒

**Draft Minutes****Meeting reference:** Chairs2018-19/02**Date and time:** Wednesday 14 November 2018**Location:** Room 019, Perth College**Members present:** Margaret Cook, Brian Crichton, Jim Crooks, Sharon Hammell, Charlie Shentall**Apologies:** David Littlejohn**Chair:** Brian Crichton**Minute Taker:** Maureen Masson**Quorum:** 3

Summary of Action Items			
Ref	Actions arising from the meeting	Responsibility	Time Line
9.	<b>Chairs' Committee – Purpose, Terms of Reference and frequency of meetings</b>  Circulate an updated Terms of Reference  Consider whether a Chairs' Committee meeting should go ahead when agendas are prepared.	Chair  Chair/Secretary	ASAP  At the time agendas are prepared

**Minutes**

Item		Action
1	<b>Welcome and apologies</b>  The Chair welcomed everyone to the meeting in particular Jim Crooks who was attending his first Chairs' Committee meeting.  Apologies were noted.	
2	<b>Additions</b>  There were two additions to the agenda:  1. HISA Update – to be taken under actions arising 2. UHI Foundation – the be taken under item 6	

Item		Action
3	<b>Declaration of a Conflict of Interest in any Agenda Item</b>  There were no declarations of a conflict of interest.	
4	<b>Minutes of Meeting held on 3 September 2018</b>  The minutes were approved as a correct record.	
5	<b>Actions arising from previous minutes</b>  <b>*7 Development Trust</b>  <b>Action:</b> Chair to write to members of the Campaign Board to thank them for their involvement as the College transitions to a new structure.  <b>Action Update:</b> Action complete. The Committee noted that the Principal was holding a 'Winter Reception' later in the year to which the Development Trust Members would be invited.	
	<b>*8 AST Business Plan Update</b>  <b>Action:</b> Chair to speak with Ann Irvine regarding the way forward with AST  <b>Action Update:</b> complete	
	<b>*11 Board Committee Membership</b>  <b>Action:</b> Finalise formal processes for new members' appointments and take forward revised Committee membership with all members as appropriate.  <b>Action Update:</b> complete  <b>Action:</b> Speak with HISA President about student representation on Committees  <b>Action Update:</b> complete  The Principal outlined concerns that the Senior Management Team (SMT) had with HISA Perth engagement particularly in the light of further changes to the elected officers, the low score it had received in the National Student Survey and value for money.  The Principal and Depute Principal (Academic) had met the UHI	

Item		Action
	<p>Dean of Students to discuss the concerns and discussions were ongoing with the HISA Chief Executive Officer and Perth College SMT.</p> <p>The Committee noted the concerns and that a Student Action Plan had been discussed at a recent Engagement Committee meeting. The Engagement Committee recommended that further work in the form of an implementation plan was required to identify specific milestones and targets to demonstrate impact. The Depute Principal (Academic) would work with the Student President.</p>	
*6	<p><b>UHI – Academic Partner Colleges – Assembly</b></p> <p>The Chair reported on the first meeting of the Programme Board chaired by Professor Crichton Lang. The meeting had considered the discussion arising from the Assembly and identified four key areas of focus: student experience, staff development and progression, governance and resource management and culture.</p> <p>The Chair reported there was an apparent willingness for participants to avoid constituency views and an acceptance that culture and trust issues should be addressed early on, to move forward constructively with governance and resource management discussions, including funding models.</p> <p>The next Programme Board meeting would be held on 11 December in Inverness and a communication event was planned in Perth for 4th December for staff and students to drop in, learn and make input on Programme Board activities. Board Committee Chairs are also invited to the drop-in session.</p> <p><b>UHI Foundation</b></p> <p>Chair of Engagement Committee raised a concern about the lack of time she could currently commit to the UHI Foundation due to work priorities. Committee members noted the concern but were supportive and noted that the EC Chair would make herself available for meetings when any fundamental business was on the agenda.</p>	
*7	<p><b>AST Update</b></p> <p>The Principal reported on the latest position regarding a confidential AST staffing matter and the possible next steps. The Committee noted that the College was responding to a Freedom of Information request that had been received from a former AST employee who was involved in the initial employment tribunal.</p>	

Item		Action
	The Chair had held a constructive meeting with the AST Interim General Manager whose immediate priorities were dealing with the organisational culture and business development/commercial (audit and certification) activity. The 'Leonardo' contract was being carefully managed through the AST Board.	
<b>*8</b>	<b>Board Recruitment – Staff and independent Members Update</b>  The Committee noted that interviews would be held on 29 November and that a shortlist had been drawn up.	
<b>*9</b>	<b>Chairs' Committee – Purpose, Terms of Reference and frequency of meetings</b>  The Committee discussed the Terms of Reference and frequency of meetings.  The Chairs agreed that the Terms of Reference continued to be relevant and all agreed that it was positive to have meetings as they provided a forum for informal discussion as well as a sounding board for the Chair. Meetings also facilitated join up between the business of each Committee. The Chair volunteered to circulate a slightly revised TOR document.  It was agreed to continue to schedule 4 meetings a year whilst recognising that it may not be necessary to meet on every occasion if there was nothing substantive on the agenda. Decisions would be made when agendas were being prepared.	Chair  Chair/ Secretary
<b>10</b>	<b>Date and time of next meeting</b>  - The scheduled date of 11 February 2019 will have to change as there is a FERB meeting that day.	
<b>*11</b>	<b>Review of Meeting</b>  Agreed the meeting met the TOR.	

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** ☐**Closed** ☒

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 1988. 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 1988?      Yes ☒      No ☐

## Minutes

**Meeting reference:** AST  
**Date and time:** Tuesday 20 November 2018  
**Location:** Perth College Room 019

**Members present:** Charlie Shentall  
Margaret Cook  
Sean McGovern  
Craig Ritchie

**Apologies:** Sharon Hammell  
Robert Sutherland (RS)

**In attendance:** Jackie Mackenzie, Chief Operating Officer (COO)  
Veronica Lynch, Vice Principal (External)  
Mark Taylor, Interim General Manager (IGM)  
Mike Haufe  
Paul Cartmail

**Chair:** Charlie Shentall  
**Minute Taker:** Maureen Masson  
**Quorum:** 4

Ref	Action	Responsibility	Time Line
4	Update minute template	Secretary	For next meeting
5	Modern Apprenticeship Scheme	IGM	For next meeting
5	Tay Cities Deal – update Heads of Terms	Principal	For next meeting
5	Business Plan	IGM	For next meeting
5	Bristow Helicopters	RS	For next meeting
5	Prestwick Airport Opportunity	IGM	For next meeting
5	Lossiemouth Poseidon Opportunity	IGM	For next meeting
5	Henderson Loggie Recommendations	IGM	For next meeting
5	Pricing/costing model re workload of AST Accountant	COO	ASAP



6	Management Accounts – work on the forecasting model  Review discrepancies between budget and financial statements and ensure all business is accounted for	IGM/AST Accountant  IGM	Ongoing  ASAP
7	<ul style="list-style-type: none"> <li>Debtors Analysis</li> <li>Initiate a process for an annual second site review</li> <li>Review Payment model</li> <li>Provide a summary report for the Principal re complaints and certificates outstanding</li> <li>Update risk profile to reflect mitigation measures for managing debt</li> </ul>	IGM  IGM  IGM  IGM  IGM	ASAP  For next meeting  For next meeting  For next meeting  ASAP
8	Re-plan Leonardo figures given changes to timing of course and number of students  Finalise Leonardo course content  Pipeline – further work to develop the pipeline report  Risk Register – split out Risk 3 for teaching and administration staff and develop an asset register and maintenance and replacement schedule for Risk 6	IGM/AST Accountant   SMT IGM  IGM	ASAP  ASAP  For next meeting  For next meeting
9	BREXIT – lodge application with EASA and seek further market intelligence	IGM	ASAP

## Item

## Action

### 1 Welcome and Apologies

The Chair welcomed everyone to the meeting and apologies were noted. The Chair welcomed new Perth College Board Member Craig Ritchie to his first meeting of the AST Board. Craig and Anna Zvarikova, another College Board Member, had been appointed to the AST Board, although Anna had given apologies for this meeting.

### 2 Additions to the Agenda

The Principal requested that a confidential item be added after the main business for the Board of Directors only. In addition, the Board would be asked to approve the Statutory Accounts for 2017-18 at the end of the

meeting.

**3 Declaration of Conflict of Interest in any Agenda Item**

There were no declarations of conflict of interest in any agenda item.

**4 Minutes of the meeting held on 11 September 2018**

The minutes were approved subject to the correction of a 'typographical error' on page 6 under item 10.

It was noted that the Committee templates would need to be updated.

Secretary

**5 Matters Arising from 11 September 2018**

Modern Apprenticeship Scheme – carried forward to next meeting

IGM

Tay Cities Deal – an announcement is scheduled for 22 November with an overall grant of £350M anticipated. The Board noted that the Head of Terms would require updating to reflect revised costs, as the original figures had been prepared over 3 years ago.

Principal

Grievance – to be discussed at the end of the meeting

Aged Debtors – on the agenda for the meeting

STIP Update – in the Interim General Manager's Report

Business Plan Update – the Business Plan was not yet complete so this item would be carried forward to the next meeting

IGM

Bristow Helicopters – carry forward to next meeting.

RS

Prestwick Airport Opportunity – the Prestwick Operators Group was meeting on 4 December and that would provide an opportunity to raise the outstanding matter. In addition, the contact details of the Managing Director were provided to the Interim General Manager so direct contact could be made. An update would be provided at the next meeting.

IGM

Lossiemouth Poseidon Opportunity– the Principal reported that the Assistant Principal UHI, Gary Campbell, was working with Boeing and Moray College with input from Perth College staff, and that a programme for students would be taken forward in May. This provided a great opportunity for the College to demonstrate a relevant skill set.

IGM

Pipeline – a report would be tabled.

EU notice – was accounted for the in the pipeline paper.

Henderson Loggie recommendations – the Interim General Manager had considered the list of recommendations in the report, however further work was needed in discussion with AST staff. A full update would be provided to

IGM

the next meeting.

### **Matters Arising from 19 June 2018**

Pricing/costing model – this was covered in the IGM's report. The COO raised concerns about the workload of the AST Accountant and would speak with the Head of Finance about how best to support.

COO

Marketing Plan/Branding – Would be addressed in the Business Plan and in the IGM's Report

Analyse staffing levels – covered in the papers

Investigate electronic solutions – a lean review was in process and two keys aspects were emerging: student experience and course material. Further work was planned with Marketing and International to review the AST prospectus, payment models, back office processes and exam marking.

AST staff had been given a demonstration of the CRM system but as currently configured, it would not meet all of AST's requirements and UHI would have to be involved to make system changes.

Risk Register – covered in the papers.

Leonardo project - covered in the papers

CAA Pakistan - covered in the papers

AST Pay Award – to be discussed in confidence

### **6 Management Accounts**

The COO provided an update on the first quarter management accounts. In summary, the accounts were on track with favourable income and expenditure against budget. It was, however, critical that work to address the forecasting model was undertaken.

IGM/ AST  
Accountant

The salaries budget was lower than the same time last year and this was because two lecturers had left and had not been replaced and consequently staff and travel costs were also lower. A query was raised as to whether this compromised the business but the IGM provided reassurance that this was not the case and that there was plans to recruit to the vacant positions.

The figures in the budget did not seem to reflect all business and there appeared to be some discrepancies with the financial report. The Chair instructed the IGM to review and resolve these discrepancies.

IGM

The Board noted the position with regard to the Libya monies and that its inclusion in the Balance Sheet was required.

### **7 Debtors Analysis**

The Board noted the Debtors analysis. The Board was reassured that AST

	<p>Managers were active in managing the debt profile but noted that further work was needed to ensure all customers were treated consistently. In addition a full debt profile should be published over 5 prior periods to provide the Board with the assurance that debt is actively chased.</p>	IGM
	<p>The Board discussed the debt profile for the remote sites and some of the difficulties in managing prior period debt. The Board supported the suggestion from Sean McGovern that an annual strategic review of second site business should be undertaken to aid decision making about viability and minimise the risk to AST and the College's reputation. In addition alternative payment models such as students paying up front should be considered to prevent the situation where students don't receive certificates.</p>	IGM
	<p>It was agreed that a summary report would be prepared for the Principal identifying the number of certificates outstanding and the level of student complaints.</p>	IGM
	<p>The Risk Register should identify the mitigation measures for managing debt.</p>	IGM
8	<p><b>IGM Report, Risk Register, Pipeline, and Marketing Update</b></p>	
	<p><b>IGM Report</b></p>	
	<p>The Board noted the IGM Report and the current significant issues. The Board noted that Bob Sutherland was currently in Indonesia negotiating with STIP and the situation with regard to CoA Pakistan.</p>	
	<p>In terms of the Leonardo contract, the Board noted that, going forward, two people would be at every meeting with Leonardo. Further, the Board noted that the proposed January course would not now happen and that the course would be run in March/April but with fewer students. Concern was expressed about the apparent changing parameters related to the Leonardo contract, however, the IGM reassured the Board that AST was working hard to develop its business relationship with the company.</p>	
	<p>Further work would be undertaken to understand the figures given the current shortfall and the income stream may have to be re-planned as a result.</p>	IGM/AST Accountant
	<p>The Board considered two matters for approval:</p>	
	<ol style="list-style-type: none"> <li>1. The application for a Foreign Part 147 Approval to mitigate the risk of BREXIT – this was also highlighted in the BREXIT paper and considered under that item; and</li> <li>2. Some changes to the course content related to the Leonardo contract.</li> </ol>	
	<p>The Board noted the proposed changes to the course content relating to item 2, and delegated authority to the Senior Management Team to approve. The Board noted that the IGM was working to make the</p>	SMT

governance processes more robust and the current position with regard to the Strategic Plan.

In terms of the Compliance Update, the action identified earlier to undertake a strategic annual reviews of second sites would take account of any failed audits and any implications arising.

### **Pipeline**

The IGM tabled a paper setting out pipeline activity between August 2018 and July 2019. The IGM explained the rationale behind the RAG status but recognised that it would benefit from further work around materiality and rules to reflect the cost of business development, amongst other things. The Board welcomed the document as a positive first step.

The Board discussed the format and suggested that two reports be developed to distinguish sales from business development, the first would identify definite business and associated income linking to budget whilst the second would show aspirational business.

IGM

### **Risk Register**

The Board noted the risks, in particular the red and retired risks. In terms of risk 3 the Board recommended that it should split out administration and support staff. The Board noted the background to current staffing issues and the mitigation measures in place.

Risk 6 – an asset register should be drawn up and a 5 year maintenance and replacement plan including IT.

IGM

### **Marketing Update**

Work was ongoing with Marketing to position the AST offering linking to development of the pipeline. Staff from the international office were also supporting business development.

## **9 BREXIT**

The Board discussed the paper which set out the possible impactions of a hard and soft BREXIT. The Board noted the biggest risk was the lack of a clear statement from EASA about its intentions post BREXIT and that this posed was a major risk to approved courses and remote and second sites. The Board considered options for mitigation and current government advice to business.

The Board agreed with the recommendation that AST moves forward with a Foreign Part 147 Approval application with immediate effect with the payments for application being made at the appropriate time.

IGM

It was also recommended that the Interim General Manager seeks market intelligence on what others in the sector are doing to address this issue.

## 11 Financial Statements 2017-18

These COO tabled the draft final financial statements for 2017-18. These were confidential until their formal signature. The Board noted the differences in figures compared to the last meeting. The Board approved the final statements, noting the bottom line figures and the amount gift aided to the College.

## 13 AOCB

### Date and time of next meeting:

29 January 2019 at 17.30

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** ☐      **Closed** ☒

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 1988. 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 1988?      Yes ☐      No



# Academic Affairs Committee

Paper 14

## DRAFT Minutes

**Meeting reference:** Session 2018/19, Meeting 1 of 3  
**Date and time:** Wednesday 21 November 2018 at 2.00pm  
**Location:** Room 19, Brahan

### Members present:

Margaret Cook Principal and Chief Executive (Chair)	Declan Gaughan Teaching Staff Member on the Board of Management
Veronica Lynch, Vice Principal (External)	Andrew Comrie Board of Management
Harold Gillespie Board of Management	Professor Martin Price, Chair of Research, Scholarship and Knowledge Exchange Committee
Deborah Lally Head of Student Experience	Prince Honeysett President HISA Perth
Maureen Masson Secretary to the Board of Management	

**Apologies:** Lorenz Cairns, Depute Principal (Academic)  
David Gourley, Head of Academic Practice

**Minute Taker:** Maureen Masson  
**Quorum:** 6, including the Chair or Vice-Chair

Summary of Action Items			
Ref	Action	Responsibility	Time Line
5	RSKE Terms of Reference  Finalise the Scholarship and Research Committee Terms of Reference	Secretary	ASAP
6	Presentation  Consider a paper to identify the underlying research for the BA Food Nutrition and Textiles Education	Sector Manager	In due course
7	Revised Terms of Reference and Membership of the Committee  Update the Terms of Reference for the new Scholarship and Research Committee and other small changes	Secretary	ASAP

10.1	<p>Balanced Scorecard update</p> <p>Report back on why there had been a drop in the number of staff presenting papers and report on the work to address the performance in the area of care experienced retention levels</p> <p>Add a discussion of the ROA to the Board agenda</p>	<p>Head of Student Experience</p> <p>Secretary</p>	<p>For next meeting</p> <p>For 12 December meeting</p>
11	The Leaner Support and Intellectual Property Policies to be recommended for approval to the Board	Secretary	For 12 Dec meeting
12	Update plan of work for the Committee to refer to the Scholarship and Research Committee and remove reference to commissioning research from the plan of work	Secretary	ASAP

## Minutes

Item	Action
<p><b>1 Welcome and Apologies</b></p> <p>The Principal welcomed members and the Committee noted apologies.</p>	
<p><b>2 Additions to the Agenda</b></p> <p>There was one additions to the agenda – the revised Terms of Reference for the revised RSKE- that would be dealt with under Matters Arising.</p>	
<p><b>3 Declaration of Conflict of Interest in any Agenda Item</b></p> <p>There were no declarations of a conflict of interest.</p>	
<p><b>4 Minutes of Meeting Held on 17 May 2018</b></p> <p>The minutes were approved as an accurate record.</p>	
<p><b>5 Actions Arising from Previous Minutes</b></p> <p><b>7.5 Perth College UHI: Student Services Annual Report 2016-17</b></p> <p>Action Update: Prepare a short Executive Summary for wider dissemination in the College</p> <p>Action: Complete – the report was prepared and circulated to the Committee who would disseminate it further within their teams.</p>	

## **9 HMle activity**

**Action Update:** Review recently revised HMle guidance

**Action:** Completed in context of EREP development

### **11.1 Balanced Scorecard**

**Action:** Check indicator 1 about the number of non SDS funded apprenticeships, and what that number relates to.

**Action Update:** The Principal confirmed that the number of non SDS funded apprenticeships related to those not directly funded by SDS. These include programmes with a range of managing agents including SSE, SECTT, SNIPEF, CITB, SMTA, Angus Council ,Moray Firth Training, Remit and Shetland Council.

### **12.2 Research Scholarship and Knowledge Exchange Committee –18 April 2018**

**Action:** Review membership of RSKE

**Action Update:** The Principal outlined the background to the revised Terms of reference for RSKE. It had been agreed that there should be greater emphasis on scholarship and a reduced, but focussed membership. The Committee noted that the new name for the Committee was Scholarship and Research Committee and discussed the Terms of Reference.

Academic Affairs Committee recommended a quorum be added to the Terms of Reference and that a reference be added to cover knowledge exchange and support for staff submitting to the Research Excellence Framework (REF). In addition, an active research member would be identified.

The Terms of Reference would be included on the agenda for the first meeting of the Scholarship and Research Committee and timed so that a flow into the business of Academic Affairs was achieved.

Secretary

## **6 Sector Manager Presentation Catherine Etri, Sector Manager,**

Catherine provided an informative and interesting presentation about the background to and creation of the new qualification BA Food Nutrition and Textiles Education and different options available to students taking this course. The Committee welcomed the innovative approach that led to the creation of the course and noted the very positive results in terms of outcomes, benefits to the College and other partners and the opportunity to develop further relationships with stakeholders.

The Committee noted that the course attracted students from all over Scotland and that many students returned to their own locale for their placements in Schools.

The Committee discussed opportunities for further development for example in postgraduate provision or as a longer term aspiration to become a centre for Home Economics Teaching. Other areas where this approach may apply included computing.

The underpinning research had not been captured for the project, but it was possible to do so retrospectively. The Committee considered that this might be worth doing particularly for the Scottish Festival of Learning or for further work with the General Teaching Council for Scotland. This would be reviewed by the Sector Manager

Sector  
Manager

The Committee thanked Catherine for an interesting and informative presentation.

## **7 Revised Terms of Reference and membership of the Committee**

The Committee noted that its revised Terms of Reference had been agreed by the Board in June 2018. The Committee agreed that under point 6 staff development should be for all staff and not just academic staff. The Terms of Reference would also have to be updated to reflect the new title – Scholarship and Research Committee.

Secretary

The Committee noted that an election was ongoing for another Teaching Staff Member on Academic Affairs.

## **8 Student Experience**

### **\*8.1 HISA Perth College Update**

The Committee noted the report from the Student President. A number of classes did not have sufficient class representation and a meeting with the Head of Student Experience was planned to take that forward and to consider wider engagement matters.

The Student President updated the Committee on the recent resignation of the Vice President for Education and Engagement and the plans to elect a class representative for the role.

The Committee welcomed the focus groups which were soon to start. The Chair indicated that the Student Officers were welcome to draw on the support of the Principal or Depute Principal (Academic) in taking forward this agenda.

### **8.2 Student Surveys: Student Satisfaction and Engagement Survey (SSES)**

The Head of Student Experience introduced the paper. The Committee noted the response rate for the SSES was lower than in previous years but that trend was common across the sector. Further work would be undertaken to understand the reasons for the dip in the response rate and consideration given to incentivising returns.

The overall result for the College was positive. A number of actions plans were now in place for individual areas where improvements could be made. The Committee noted the feedback mechanisms to students that were in place.

### **8.3 Student Surveys: National Student Survey (NSS)**

The Committee noted the outcomes from the NSS. These were very positive for UHI and Perth College with high rating for overall satisfaction against an improved turnout and a smaller question set compared to the SESS.

As with the SESS feedback could be drilled down to course level and feedback was shared with course leaders.

The Committee acknowledged some of the challenges around remote learning particularly in terms of maintaining a positive student experience when students rarely meet face-to-face.

## **9 Curriculum**

### **\*9.1 Student Recruitment**

The Head of Student Experience reported on FE recruitment, which had been more challenging this year across a range of factors. It was expected that the College would hit its FE target but may not achieve its ESF Target. The College was currently reviewing how it might recover its position and a January recruitment drive was planned. The Committee noted that the sector as a whole was facing some challenges in reaching the absolute sector target – the Committee recognised that the market was changing and strategies may have to be reviewed at a sector level in terms of the student demographics and course provision. The Curriculum Review and ongoing stakeholder engagement would stand the College in good stead to be alert to opportunities.

The outlook for Higher Education was much more positive and the College would hit and surpass its HE FTE target.

## **10 Performance Monitoring**

### **\*10.1 Balanced Scorecard Update**

The Committee noted the Balanced Scorecard and the trends and commentary. It was agreed to find out why there had been a drop in the number of staff presenting papers. Further work was planned to review performance in the area of care experienced retention levels as that had dropped since last year.

Head of  
Student  
Experience

The Committee discussed the baseline figures and the fact that these were established when the 2016-21 Strategic Plan was produced. It was acknowledged that these might not necessarily be the most relevant figures now and that these should be re-set when the next Strategic Plan is drafted with tolerance levels set for the identified measures.

## **11 Policies**

### **11.1 Learner Support Policy**

The Committee endorsed the Learner Support Policy which had been developed as part of the UH Policy Working Group, and recommended its approval to the Board

Secretary

### **11.2 Intellectual Property Policy**

The Committee endorsed the Intellectual Property Policy and recommended its approval to the Board. The Committee considered the Policy to be comprehensive and thorough.

## **12 Remit and Role of Committee**

The Committee discussed the draft plan of work for the Academic Year. The Committee expected to see the Evaluative Report and Enhancement Plan flowing through in the course of the year and that would be checked with the Depute Principal (Academic).

In addition, the Regional Outcome Agreement (ROA) was discussed and the various points in the year that it should come to Academic Affairs, in terms of a past review, the year in progress and the forward look. The Principal commented that a top down approach was taken to developing the ROA and that the College had limited opportunity to influence the final ROA. It was agreed that this should be added to the Board agenda for discussion and ROA should be included on the Academic Affairs Committee agenda as appropriate throughout the year.

Secretary

Finally, the plan of work should be updated to reference the Scholarship and Research Committee and reference to 'commissioning' research should be removed.

Secretary

## **13 Date and time of next meeting**

12 February 2019 at 2.30pm

**\*14 Review of Meeting (to include check against ToR)**  
Members agreed the meeting had covered its Terms of Reference.

---

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** ☒      **Closed** ☐

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 1998. 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 ☒

# Finance and General Purposes Committee

Paper 15

## Draft Minutes

**Meeting reference:** FGP2018-19/02  
**Date and time:** Wednesday 28 November 2018 at 4.30pm  
**Location:** Room 019

**Members present:** Margaret Cook, Brian Crichton, Deborah Hutchison, David Littlejohn, Harold Gillespie, Craig Ritchie

**In attendance:** Susan Hunter, Head of Human Resources and Organisational Development  
Andrea Saunders, Head of Finance  
Maureen Masson, Secretary to the Board of Management

**Apologies:** Jackie Mackenzie, Chief Operating Officer (COO)

**Chair:** David Littlejohn  
**Minute Taker:** Maureen Masson  
**Quorum:** 3

Summary of Action Items			
Ref	Action	Responsibility	Time Line
4	<b>Minutes of Meeting held on 25 September 2018</b>  Update templates in the new year	Secretary	For next round of meetings
7.1	<b>Estates Update</b>  Defer to Audit Committee on whether a risk on the estate condition should be added	Principal	Audit Committee meeting
7.2	<b>Residences – Option Appraisal</b>  Include the residence matters on the Board agenda for the December meeting	Secretary	Next Board meeting
8 and 9.1	<b>Implementing Lean and Efficiency Savings</b>  Provide an update bi-annually on lean and efficiency savings	Secretary	May 2019 meeting
10	<b>HE Report</b>  Prepare an HR report for next meeting including on sickness absence figures	Head of HR and OD	Next meeting



## Minutes:

Item	Action
<b>1. Welcome and Apologies</b>  The Chair welcomed everyone to the meeting and apologies were noted. The Committee noted that Audit Committee would join the meeting at 5.30pm.	
<b>2. Additions to the Agenda</b>  There were no additions to the agenda.	
<b>3. Declaration of Interest in any Agenda Item</b>  There were no declarations of a conflict of interest.	
<b>4. Minutes of Meeting held on 25 September 2018</b>  The minutes were approved as a correct record. The Committee noted that the templates would be updated for the new calendar year.	Secretary
<b>5. Matters Arising from Previous Minutes</b>  <b>8 Relocation of Pathways – Closed</b>  <b>Action:</b> Further analysis of statistics and development of a communications plan  <b>Action Update:</b> Action complete and considered by the Board at its meeting on 10 October 2018  <b>9.1 Estates</b>  <b>Action:</b> Paper on options for residences to come forward to the next meeting  <b>Action Update:</b> On the agenda for the meeting  <b>11 Fee Waiver Policy and Student Support Funds Policy</b>  <b>Action:</b> Include on Board agenda for 10 October 2018 meeting  <b>Action Update:</b> The policies were approved by the Board at its meeting on 10 October 2018	
<b>6 Accounts</b>	

**\*6.1 Perth College Management Accounts – 3 months to 31 October 2018**

The Head of Finance introduced the paper and indicated that there was nothing of concern in the first quarter. The Committee noted the reasons that staff costs which were marginally under budget in the first quarter. In terms of non-staff costs, the Head of Finance indicated that budgets were allocated on the basis of calendar months, but that could skew the profile depending on expenditure in any given month. Finance staff would review the approach to budgeting and profiling going forward. The Head of Finance worked closely with budget holders to ensure budgets remained on track.

The Committee noted the paper and were invited to provide any feedback to the Head of Finance.

**\*6.2 AST Management Accounts – 3 months to 31 October 2018 - Closed**

The Committee noted the accounts and commentary for the 3 month position. There were no matters of concern at this stage. The Principal reported that the AST Board met on 20 November and discussed the priorities for the Interim General Manager who was now in post. These included income streams, working more closely with customers, the debt profile and the business plan.

**7 Estates**

**\*7.1 Estates Update**

The Principal reported that the sector backlog maintenance and condition survey highlighted a significant cost to address the backlog. SFC was providing funding to Colleges but that grant was insufficient. The Committee noted that a number of other Colleges had added a risk on 'estate condition/funding for maintenance' and F&GPC agreed this matter should be deferred to Audit Committee to decide whether it should be added to the College's Risk Register.

In terms of the grant provided for projects for 2018-19, the Committee noted that SFC had extended its deadline to 31 July 2019 to account for the discrepancy in Financial and Academic Years between the Funding Council and institutions. Work to extend the coverage of CCTV across the Campus was planned as well as a new boiler for Goodlyburn, which would soon be tendered.

**\*7.2 Residences – Option Appraisal - CLOSED**

Principal

The Principal introduced the paper which comprised two elements:

- i. UHI Student Residences proposal; and
- ii. Management of current College student accommodation

In terms of the UHI Residences proposal, F&GPC noted the background to the UHI Residences Project Proposal and the College's involvement in the project. F&GPC discussed various factors including the financial aspects. It concluded that the College could not continue to support the project as the contract was considered to be onerous and, given the financial uncertainties of the ongoing project proposal, the only option was for the College to withdraw its support.

In terms of management of Perth College Student Residences, F&GPC noted that the current contract with SYHA for management of the summer residences was due for re-tender. The Committee noted the potential benefits to bringing management of the summer contract 'in-house' and the cost savings that may result, and agreed to a proposal to explore this option further.

F&GPC further agreed to the sale of a two bed flat in Morris Court. The Committee noted that the full disposal proceeds would be available for re-investment in the College estate as the property had not be bought or maintained with exchequer funding. The students currently occupying the flat would be moved into the College residences after Christmas when it is was expected a flat would become vacant.

Board approval for these matters would be sought at the next Board meetings

Secretary

## **8. Implementing Lean and Efficiency Savings**

The Committee discussed the proposal outlining how the College would utilise lean methodology in improving processes/collaborations within the College, leading to continuous process improvement.

The Principal commented that the approach would be taken forward by the Project and Planning Manager who was experienced in applying Lean Six Sigma methodology; using this approach would ensure a logical and ordered approach to process improvement. The Committee noted that it was not expected that there would be any extra unbudgeted costs, and a number of staff across the College already had change management experience.

F&GPC welcomed the paper and approved the approach in principle. In addition, the Committee would like to receive updated reports on a bi-annual basis.

<b>9</b>	<b>Committee Business</b>	
<b>*9.1</b>	<b>Forward Calendar for F&amp;GP Committee</b>	
	The Committee noted the forward calendar of business and agreed that a lean methodology report (referred point 8 above) should be added to the May meeting agenda.	Secretary
<b>10</b>	<b>Standing Committees</b>	
	<b>Joint Negotiating Committee</b>	
	Support Staff – 25 October 2018 Lecturers – 25 October 2018	
	Noted	
	The Principal reported that there was no regular HR Statistics Report on the agenda because of technical difficulties with the College's HR System, which were being investigated. A report would be available for the next meeting	Principal
<b>11</b>	<b>Date of Next meeting</b>	
	27 February 2018 at 5.30pm	
<b>12</b>	<b>Review of Meeting</b>	
	The Committee agreed the meeting had covered its Terms of Reference.	
<b>13</b>	<b>Joint Meeting - The Committee was joined by the Audit Committee at 5.30pm</b>	
	The Chair of F&GPC welcomed the Audit Committee to the joint meeting to review the 2017-18 Financial Statements. Introductions were made and apologies noted. The Chair of F&GPC would continue in the role of chair for the joint meeting.	
<b>14</b>	<b>Perth College Management Accounts Year to 31 July 2018 – Final Report and Commentary</b>	
	The Head of Finance reported a positive overall position in the College management accounts to the year ended 31 July 2018. The Committee noted a positive outturn in relation to SFC income and the Committee noted the final figures. Members of both F&GP and Audit Committees noted that F&GPC had a positive discussion at its last	

meeting when the draft year-end accounts had been considered in some detail.

**The F&GP Committee approved the Perth College Management Accounts for the year to 31 July 2018.**

**Audit Committee noted the Perth College Management Accounts for the year to 31 July 2018.**

**15 Draft Perth College Group Report and Financial Statements for the year Ended 31 July 2018**

The Head of Finance introduced the draft College Group Report and Financial Statements for the year ended 31 July 2018. F&GP and Audit Committees discussed the Group Accounts and welcomed the positive outturn position and the detailed explanation of the consequences of the fixed asset revaluation and pension liability.

**F&GP Committee approved the Perth College Group Report and Management Accounts for the year to 31 July 2018 and recommended their approval to Audit Committee for its recommendation, in turn, to the Board of Management for approval and signature.**

**16 External Audit Annual Report 2016-17**

The External Auditor presented the External Audit Report for 2017-18. The Committee noted that the scope of the Audit was in line with the Annual Audit Plan presented to the Audit Committee on 22 May 2018. As the College's external auditors, EY prepare the annual audit report to summarise key findings and conclusions from its audit work, for the College's Board of Management and the Auditor General.

The Auditor provided a summary of the key findings of the report. In terms of the financial statements audit, an unqualified audit opinion was provided on the College's consolidated financial risks.

The key messages from wider scope audit were discussed and the Committee noted the Red/Amber/Green (RAG) status for two items. Financial sustainability was assessed as 'amber' as the financial environment continued to be challenging for a number of reasons. Members discussed the projected financial status for the College in the Audit work on the Financial Forecast Return and noted that there were some critical aspects of expenditure that were not absolutely within the College's control including national bargaining and the Central Costs of the University. All agreed that it was important for the College to be aware of how savings could be achieved. Members also expressed concern over the extent of the control the College had in generating

sufficient levels of commercial and other income. No issues were identified in terms of governance, which was assessed as 'green', but a final governance checklist would be completed before the final report is issued to the Board.

F&GPC and Audit Committee welcomed the report and a number of questions were raised about plans for income growth in a tight financial climate. Income diversification would be discussed with budget holders and a more rigorous approach to business case development would be put in place. Discussions with budget holders would allow income centres to set targets levels for non-core funding that they might reasonably be expected to achieve.

SMT and the Board were aware of the deteriorating financial position but the auditor recognised that the College had a good track record in managing its finances in a tightening financial climate, and this provided some reassurance.

**F&GP Committee approved the External Audit report to Audit Committee for onward approval to the Board.**

The Chair of F&GPC thanked the auditor and colleagues in the Finance Team for their work in preparing the financial statements and for a successful overall position.

**F&GP Committee concluded its business and left the joint meeting at this point.**

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 ☒ with removal of Paper 4**

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 1998. 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** ☒

## Draft Minutes

**Meeting reference:** Audit 2018-19/02

**Date and time:** Wednesday 28 November 2018 at 5.30pm

**Location:** Room 019

**Members present:** Andrew Comrie, Ann Irvine, Margaret Cook, Lynn Oswald

**In attendance:** Lorenz Cairns, Depute Principal (Academic)  
Andrea Saunders (standing in for Jackie Mackenzie)  
David Archibald, Henderson Loggie  
Maureen Masson, Board Secretary

**Apologies:** Anna Zvarikova, Jackie Mackenzie, Stuart Inglis

**Chair:** Jim Crooks

**Minute Taker:** Maureen Masson, Secretary to the Board of Management

**Quorum:** 3

Summary of Action Items			
Ref		Responsibility	Time Line
9	<b>5 Presentation</b>  Check the level of basic training that students receive.	H&S Adviser	next meeting
9	<b>6.1 H&amp;S reporting</b> Report back on the sickness absence figures	Principal	next meeting
10.1	<b>Strategic Risk Register</b>  Draft an estates risk for consideration  Report back on where high level risks related to the protection of children are recorded and how they are mitigated  Include the ICT Risk Register on the next Audit Committee meeting agenda	COO  COO  COO	next meeting  next meeting  next meeting
11.2	<b>Revised Internal Audit Annual 2018-19</b>  Consider whether the procurement audit should go ahead and possible timing  Include a further objective regarding pastoral support provided to students in the international business audit	HL/COO  HL/VP (External)	ASAP  ASAP



11.3	<b>Internal Audit Report: 2017/18 Student Activity Data</b>  Implement recommendations contained in the report	Head of Student Experience	ASAP
12	<b>Audit Committee Annual report to the Board of Management</b>  Forward to the Board for consideration at the December 2018 meeting	Secretary	By 5 December 2018
13.1	<b>Health and Safety Committee</b>  Feed back to the Health and Safety Adviser the items the Board would expect to see on the Health and Safety Committee agendas standing items	Secretary	ASAP

Item	Action
<p><b>1 Joint Meeting - The Committee joined the Finance and General Purposes Committee at 5.30pm</b></p> <p>The Chair of F&amp;GP welcomed the Audit Committee to the joint meeting to review the 2017-18 Financial Statements. Introductions were made and apologies noted. The Chair of F&amp;GP would continue in the role of chair for the joint meeting.</p>	
<p><b>2 Perth College Management Accounts Year to 31 July 2018 – Final Report and Commentary</b></p> <p>The Head of Finance reported a positive overall position in the College management accounts to the year ended 31 July 2018. The Committee noted a positive outturn in relation to SFC income and the Committee noted the final figures. Members of both F&amp;GP and Audit Committees noted that F&amp;GPC had a positive discussion at its last meeting when the draft year-end accounts had been considered in some detail.</p> <p><b>The F&amp;GP Committee approved the Perth College Management Accounts for the year to 31 July 2018.</b></p> <p><b>Audit Committee noted the Perth College Management Accounts for the year to 31 July 2018.</b></p>	
<p><b>3 Draft Perth College Group Report and Financial Statements for the year Ended 31 July 2018</b></p> <p>The Head of Finance introduced the draft College Group Report and</p>	

Financial Statements for the year ended 31 July 2018. F&GP and Audit Committees discussed the Group Accounts and welcomed the positive outturn position and the detailed explanation of the consequences of the fixed asset revaluation and pension liability.

**F&GP Committee approved the Perth College Group Report and Management Accounts for the year to 31 July 2018 and recommended their approval to Audit Committee for its recommendation, in turn, to the Board of Management for approval and signature.**

#### **4 External Audit Annual Report 2016-17**

The External Auditor presented the External Audit Report for 2017-18. The Committee noted that the scope of the Audit was in line with the Annual Audit Plan presented to the Audit Committee on 22 May 2018. As the College's external auditors, EY prepare the annual audit report to summarise key findings and conclusions from its audit work, for the College's Board of Management and the Auditor General.

The Auditor provided a summary of the key findings of the report. In terms of the financial statements audit, an unqualified audit opinion was provided on the College's consolidated financial risks.

The key messages from wider scope audit were discussed and the Committee noted the Red/Amber/Green (RAG) status for two items. Financial sustainability was assessed as 'amber' as the financial environment continued to be challenging for a number of reasons. Members discussed the projected financial status for the College in the Audit work on the Financial Forecast Return and noted that there were some critical aspects of expenditure that were not absolutely within the College's control including national bargaining and the Central Costs of the University. All agreed that it was important for the College to be aware of how savings could be achieved. Members also expressed concern over the extent of the control the College had in generating sufficient levels of commercial and other income. No issues were identified in terms of governance, which was assessed as 'green', but a final governance checklist would be completed before the final report is issued to the Board.

F&GPC and Audit Committee welcomed the report and a number of questions were raised about plans for income growth in a tight financial climate. Income diversification would be discussed with budget holders and a more rigorous approach to business case development would be put in place. Discussions with budget holders would allow income centres to set targets levels for non-core funding that they might reasonably be expected to achieve.

SMT and the Board were aware of the deteriorating financial position but the auditor recognised that the College had a good track record in managing its finances in a tightening financial climate, and this provided

some reassurance.

**F&GP Committee approved the External Audit report to Audit Committee for onward approval to the Board.**

The Chair of F&GPC thanked the auditor and colleagues in the Finance Team for their work in preparing the financial statements and for a successful overall position.

**F&GP Committee concluded its business and left the joint meeting at this point.**

**5 Presentation**

The Audit Committee received an informative presentation from Ian Bow, the College's Health and Safety Adviser. Ian reported that the health and safety culture in the College was positive, but that there was scope for improvement in some areas. These included school reports, development of a Health and Safety Manual and additional policies such as Display Screen Equipment and Health Surveillance. Work on these aspects was being taken forward.

In terms of student representation, the Committee noted a student representative was a member of the Health and Safety Committee but there was work to do with class representatives who had some health and safety responsibility. A check on the level of training that students received would be made.

H&S  
Adviser

The Audit Committee noted its mandate from the Board in ensuring that Health and Safety business was taken forward appropriately.

**6. Additions to the Agenda**

There were no additions to the agenda.

**7 Declaration of Interest in any Agenda Item**

There were no declarations of a conflict of interest.

**8 Minutes of the Meetings of the Audit Committee held on 18 September 2018**

The minutes were accepted as an accurate record.

**9 Actions arising from previous minutes**

**\*6.1 Health and Safety Annual Report**

**Action:** Number paragraphs in the Health and Safety Annual Report.

**Action Update:** Complete

**Action:** Undertake further analysis of the sickness absence figures.

**Action Update:** The Principal reported that HR was encountering some issues with the HR system that was preventing the availability of accurate data . A full review was underway and a report would be provided to the next meeting.

Principal

### **\*6.2 Revised Health and Safety Policy**

**Action:** For formal signing at the Board's next meeting

**Action Update:** complete

### **\*7.1 and 7.3 Risk Appetite Health and Safety Risk Management profile as at August 2018**

**Action:** Identify and document the highest priority areas where there is no acceptable level of risk

**Action Update:** In the absence of the COO an update would be provided at the next meeting

### **\*7.2 Strategic Risk Register**

**Action:** Include the recently emerging AST risk to the Risk Register

**Action Update:** added risk 25

### **\*8.2 Internal Audit Plan 2018/19**

**Action:** Finalise projects and timescales in the light of the discussion at the Committee

**Action Update:** a paper was on the agenda for the meeting

### **12.1 Health and Safety Committee**

**Action:** Make attendance at the Health and Safety Committee mandatory for members and/or their deputies.

**Action Update:** Complete - message conveyed to the Health and Safety Adviser and Head of HR and OD. This will be monitored via the attendance record.

## **10 Risk Management**

### **10.1 Strategic Risk Register**

The Principal introduced the paper setting out the updated Risk Register for the second quarter.

The Principal raised a matter that had been discussed at the earlier F&GPC meeting regarding whether an estates maintenance/condition risk against a backdrop of declining funding should be added. A number of Academic Partners had included this as a risk and identified mitigating actions. F&GPC had asked the Audit Committee to make a decision.

Audit Committee agreed that it would wish to see a draft first at the next meeting perhaps linking to Risk 5, and a decision would be made once the risk was articulated.

COO

An assurance was provided that the risks referenced in the minutes of the last meeting regarding child protection and safeguarding would be considered and reported at the next meeting.

COO

A further risk was discussed around cyber security and ICT resilience and business continuity. This would also be considered at the next meeting and the ICT Risk Register would be on the agenda. The new Head of ICT would provide input.

COO

## **11 Internal Audit**

### **\*11.1 Draft Internal Audit Annual report 2017-18**

David Archibald introduced the paper and provided background information to the work of the internal Auditors. The Auditors reported no significant issues regarding major internal control weaknesses and, as a result, their opinion was that the College had adequate and effective arrangements for risk management, control and governance. Proper arrangements were also in place to promote and secure Value for Money.

The Board noted the report and the outcomes from the internal audit reviews.

### **\*11.2 Revised Internal Audit Annual 2018-19**

The Committee noted the final Internal Audit Plan for 2018-19 which had been updated following the last meeting of Audit Committee.

The Principal informed the Committee that a decision had recently been made to outsource procurement to APUC. The timing of the procurement audit may alter as a result and if it was no longer appropriate to undertake, the audit the days would be held in reserve for another topic.

HL/COO

Following discussion about the scope of the International Business Audit, it was agreed that an objective should be added to tease out what is done in terms of pastoral support and integrating international

HL/VP  
(External)



students.

### **Proceedings note**

Jim Crooks, Audit Chair, had to leave the meeting at this point and the independent members present agreed that Ann Irvine should chair the rest of the meeting.

#### **\*11.3 Internal Audit Report: 2017/18 Student Activity Data**

The Committee noted that the outcome from this Audit had to be reported back to the SFC to provide assurance that the FES return was completed properly. No issues were reported but a couple of recommendations were made in relation to open/flexible/distance learning and the European Computer Driving Licence.

Head of  
Student  
Experience

#### **\*11.4 Internal Audit Report: Student Support Funds 2017-18 Audit Report The Committee noted the report**

David Archibald reported that this was the first time Henderson Loggie had audited Student Support funds for Perth College. The audit was needed to certify to funding bodies that two fund statements were appropriately managed. The auditors were able to certify both fund statements for the year and submit these without reservation to the funding bodies.

The Audit Committee noted this positive report

### **12 Audit Committee Annual Report to the Board of Management**

The Chair introduced the Annual Report to the Board of Management for consideration at its meeting on 12 December 2018. This is to provide assurance on the adequacy and effectiveness of the College's system of internal control. The Audit Committee approved the report with no changes.

Secretary

### **13 Committee Minutes**

#### **\*13.1 Health and Safety Committee Meeting 15 November 2018**

Minutes

The Committee noted that the police were to be contacted regarding sessions for staff on drugs identification and misuse. The Committee noted that the police already attended freshers week and provided information to students regarding drugs.

The Committee further discussed what items it would expect to see on the Health and Safety Committee agenda as standing items. These included:

- Departmental risk assessments and sharing of lessons learned
- Training completion reports
- Accident reporting
- Support mechanisms for staff who were witness to self-harm incidents

Secretary

It was agreed this would be fed back to the Health and Safety Adviser as possible standing items particularly as the Committee finalised its Terms of Reference.

#### **14 Date and time of next meeting**

19 February 2019 at 5.30pm

#### **\*15 Review of Meeting**

Members agreed the meeting had covered its Terms of Reference.

#### **16 The Executive Team left the meeting at this point for a discussion between the Audit Committee and internal and external auditors.**

David Archibald, Henderson Loggie, commented that he had no concerns to raise. HL staff leading audits always received good co-operation from colleagues throughout the audit process and closure meetings were usually always positive. Teams were always prepared in advance of the auditors starting work and college staff were willing participants in the audit process and receptive to continuous improvement suggestions.

Rob Jones from EY noted that the external auditors had more limited interactions compared to internal audit. No concerns were raised and discussions with College staff were positive. Staff turnover in the Finance Department could have posed a risk to the successful completion of the audit but new staff engaged positively with the processes and the audit was successfully completed. It was also positive that the Senior Management Team had accepted the comments about financial sustainability openly.

The Chair of Audit would take forward the necessary reports and financial statements to the Board of Management for consideration at its meeting on 12 December 2018.

The Chair thanked all participants for their contribution to a positive meeting.

Information recorded in College minutes and papers is 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.

**Status of Papers**   **Open** ☒                      **Closed** ☐

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 and papers about living individuals, under the terms of the Data Protection Act 1998.

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