

## Board of Management

### Agenda

**Meeting reference:** Board 2019-20/03  
**Date:** Wednesday 18 March 2020 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.

	<b>Agenda Items</b>	<b>Author</b>	<b>Led by</b>	<b>Paper</b>
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 Board meeting held on Tuesday 17 December 2019	Clerk	Chair	Paper 1
*5	Minutes of the Extraordinary Board meeting held on Thursday 20 February 2020	Clerk	Chair	Paper 2
*6	Actions arising from previous minutes		Chair	Verbal
	<b>Audits &amp; Financial Reporting</b>			
7	External Audit Report 2018-19 - Final	EY	Chair	Paper 3
8	UHI Investigation Report - Final	UHI Internal Audit	Chair	Paper 4
*9	Combined Audits Action Plan	Project & Planning Officer	Principal	Paper 5
*10	Management Accounts – 6 months to 31 January 2020	Interim Head of Finance	Interim Head of Finance	Paper 6
*11	Mid-Year Review	Interim Head of Finance	Interim Head of Finance	Paper 7
*12	Financial Forecast Review - update	Interim Head of Finance	Interim Head of Finance	Paper 8
	<b>Standing Reports</b>			
*13	Chair's Report	Chair	Chair	Verbal

*14	Principal's Report	Principal	Principal	Paper 9
*15	HISA Perth Update	Student President	Student President	Paper 10
	<b>Compliance, Risk &amp; Performance Monitoring</b>			
16	Consultation Process	Principal	Principal	Paper 11 <b>CLOSED</b>
*17	Strategic Risk Register		Clerk	Paper 12
18	Continuity Business Plan - Coronavirus Update		Principal	Verbal
19	Health & Safety - Quarterly Update	Health, Safety & Wellbeing Adviser	Clerk	Paper 13
*20	Balanced Scorecard – update to Feb 2020	Project and Planning Officer	Clerk	Paper 14
	<b>Policies &amp; Strategies</b>			
21	International Strategy	Vice Principal	Vice Principal	Paper 15
22	Procurement Strategy	Procurement Manager	Vice Principal	Paper 16
23	Procurement Policy	Procurement Manager	Vice Principal	Paper 17
	<b>Minutes of Board Standing Committees</b> <i>For the Board of Management to note.</i>			
24.1	AST Board – 09 January 2020 (Draft minutes)	Clerk	Chair - AST	Paper 18
24.2	Engagement Committee – 30 January 2020 (Draft minutes)	Clerk	Chair - Engagement	Paper 19
24.3	Chairs' Committee – 14 February 2020 (Draft minutes)	Clerk	Chair – Chairs'	Paper 20
24.4	Academic Affairs – 24 February 2020 (Draft minutes)	Clerk	Chair – Academic Affairs	Paper 21
24.5	Finance and General Purposes Committee – 04 March 2020 (Draft minutes)	Clerk	Chair – F&GCP	Paper 22
24.6	Audit Committee – 10 March 2020 (Draft minutes)	Clerk	Chair – Audit	<del>Paper 23</del> <b>Paper not produced</b>
25	Date of next meeting – 18 March 2019	Clerk		
26	Review of meeting		Chair	

# Board of Management

## DRAFT Minutes

**Meeting reference:** Board 2019-20/02

**Date and time:** Tuesday 17 December 2019 at 5.30pm

**Location:** Room 019

**Members present:** Brian Crichton, Board Member (Chair)  
Sheena Devlin, Board Member  
Sharon Hammell, Board Member  
Debbie Hutchison, Board Member  
Lynn Oswald, Board Member  
Craig Ritchie, Board Member  
Charlie Shentall, Board Member  
Anna Zvarikova, Board Member  
Margaret Cook, Principal & Chief Executive  
John Dare, Staff Member  
Declan Gaughan, Staff Member  
Amy Studders, HISA Perth President  
Debbie Das Chaudhry, HISA Perth

**In attendance:** Lorenz Cairns, Depute Principal (Academic)  
Catherine Etri, Associate Principal (Curriculum)  
Veronica Lynch, Vice Principal (External)  
Ian McCartney, Clerk to the Board of Management

**Apologies:** David Littlejohn, Board Member (Vice-Chair)  
Andrew Comrie, Board Member  
Jim Crooks, Board Member  
Katrina Hodgson, Board Member  
Ann Irvine, Board Member

**Chair:** Brian Crichton

**Minute Taker:** Ian McCartney

**Quorum:** 6

Summary of Action Items			
Ref	Action	Responsibility	Time Line
8	<b>Chair's Report</b> Chair to circulate documentation re Programme Board consultation and collate Board responses	Chair	ASAP
12	<b>Strategic Risk Register</b> Clerk to add Asset Management to Risk Register	Clerk	Next Board cycle
12	<b>Strategic Risk Register</b> Risk 26 to be amended to include reference to Recruitment processes	Clerk	Next Board cycle
12	<b>Strategic Risk Register</b> Clerk to roll out plans to encourage sub-Committees to make Risk Register more relevant	Clerk	Next Board cycle
18	<b>Date &amp; Time of Next Meeting</b> Clerk to advise on date of Extraordinary Meeting of Board once determined	Clerk	ASAP

## **MINUTES**

<b>Item</b>		<b>Action</b>
<b>1.</b>	<b>Welcome and Apologies</b>  The Chair welcomed everyone to the meeting, and noted apologies from David Littlejohn, Andrew Comrie, Jim Crooks, and Ann Irvine.	
<b>2.</b>	<b>Additions to the Agenda</b>  There were no additions to the agenda.	
<b>3.</b>	<b>Declaration of Interest in any Agenda Item</b>  There were no declarations of interest.	
<b>4.</b>	<b>Minutes of Meeting held on 14 May 2019</b>  Board Member noted 3 typographical errors.  Subject to these corrections, the minutes were approved as a correct record.	
<b>5.</b>	<b>Matters Arising from Previous Minutes</b>	
	<u>5 Actions Arising from Meeting on 09 October 2019</u>  <b>Action 1:</b> Board Effectiveness – Clerk to organise session on action planning at next Board Development event.  <b>Action Update:</b> Not completed.  <b>Action 2:</b> College Governance – Strengthen section on conflicts of interest and charity trustees' responsibilities at Board Induction.  <b>Action Update:</b> Clerk to organise within next round of inductions.  <b>Action 3:</b> Chair's Report – Update Board with Employers' Association consideration of national approach to Principal/SMT posts.  <b>Action Update:</b> Contained within Report.  <u>9 Indicative Budget 2019-20</u>  <b>Action:</b> Vice Principal to present negative figures in parenthesis.  <b>Action Update:</b> Completed	

	<p><u>11 Programme Board</u></p> <p><b>Action:</b> Chair to circulate draft response for comment the re-issue.</p> <p><b>Action Update:</b> Circulated 16/12/19.</p> <p><u>12 Tay Cities Deal – Aviation Academy for Scotland</u></p> <p><b>Action:</b> Vice Principal to include risk associated with over-run costs re capital build within the project risk register.</p> <p><b>Action Update:</b> Completed.</p> <p><u>16.3 Audit Committee</u></p> <p><b>Action:</b> Clerk to examine best practice across sector re Board cognisance of Health &amp; Safety matters</p> <p><b>Action Update:</b> Completed – see Item 13.</p> <p><u>18 Review of meeting</u></p> <p><b>Action:</b> Clerk to produce glossary of common acronyms</p> <p><b>Action Update:</b> Circulated to HISA Board members.</p>	
6	<p><b>Financial Statements 2018-19: Status</b></p> <p>Principal summarised Paper 2, noting that that Paper had been approved in principle by the joint meeting of Finance &amp; General Purposes and Audit Committees on 11<sup>th</sup> December, subject to amendments as recorded in the Extract of Minutes.</p> <p>Principal highlighted in particular that accounts had not been fully completed for 2018/19, and as such it was the opinion of the External Auditors that it would be inappropriate for the Board to sign off on the information available.</p> <p>Principal noted that a number of disclosures had been raised that will form part of the financial statements in the areas of Payroll, Settlement Agreements, Procurement, Deferred Income, and Equalities Duties Reporting.</p> <p>Principal further noted that UHI had been made aware of the situation in order that the Scottish Funding Council (SFC) be made aware that the 31<sup>st</sup> December deadline for accounts submissions would not be met. A final cut-off date for presenting to SFC of 30<sup>th</sup> April 2020 was advised.</p>	

	<p>Chair advised that, given the position as outlined by the Principal, Extraordinary meetings of Finance &amp; General Purposes, Audit and the Board of Management would be required to fit in with this timescale, likely to be February/early March.</p> <p>Staff Member of Board asked about the implications of the late submission to SFC. Chair noted that, whilst there were potential implications linked to the investigation being conducted by UHI on behalf of Audit Scotland, there were no specific implications of late submission to SFC assuming the April deadline is met.</p> <p>Staff Member of Board asked for an update re Audit Scotland investigation. Principal responded that SMT were already preparing an action plan to start to deal with key areas rather than waiting on report, albeit without second-guessing any conclusions to be reported. This plan would be circulated to Board in due course.</p> <p>Board Member asked when procurement issue was highlighted to Board. Principal noted that the issue had been raised at Audit Committee around a year ago, which had been recognised by the Board in approving APUC involvement in early 2019.</p> <p>Principal advised Board that management were working closely with External Auditors, with a large number of staff and EY resources dedicated to pulling the information together, not helped by most systems being paper-based; more needs done to develop these systems, however capital investment will be required to achieve this, and the proposed UHI system roll-out has not materialised.</p> <p>Board Member asked if some of the issues raised within the areas of disclosure put previous accounts into question. Principal responded that there were no suggestions having to restate accounts, but noted that the amended position of Deferred Income looks to have been overstated and is unlikely to be deemed as a material issue.</p> <p>Principal advised that a significant number of additional Audit Days had been allocated to key identified areas reported, and that the Risk Register had also been amended accordingly.</p> <p>Board <b>APPROVED</b> the amended time line for reporting the 2018-19 Financial Statements per Paper 2.</p>	
7	<p><b>Consultation Update &amp; Funding</b></p> <p>Principal provided an update on the consultation process and presented Paper 3 to the Board, noting that a document had been circulated to all staff on 21 October detail proposals for restructuring seeking counter-proposals from staff, which had prompted over 70 responses to the dedicated email address. A meeting was being</p>	

	<p>held in early January to consider these proposals.</p> <p>Chair noted that while the Board would expect to see inputs from the process as part of a proposed implementation plan, delegation of authority to the SMT has been approved with the caveat that value for money and maintaining the student experience are required to be primary considerations.</p> <p>Staff Member of Board suggested that staff be made aware of staff suggestions utilised within the process. Principal agreed that this was the correct approach, albeit ensuring that staff members cannot be identified within such a process.</p> <p>Board <b>NOTED</b> the Update on Process within Paper 3.</p> <p>Principal outlined the financing element of Paper 3, noting that a request had been raised via JNC Consultation meetings to approach UHI for bridging funding to plug the current funding gap.</p> <p>Board Member asked about the implications of bridging funding re likely terms and an expectation of repayment. Principal noted that other Academic Partners have asked in the past with very limited success.</p> <p>Chair reminded the Board that the reason for asking SMT to commence the process was not purely to find a fix for the current year, but to deal with the underlying issue of reduced funding, and to tackle this in a year when funding was available.</p> <p>Board Member enquired whether it would be possible to separate the issues of plugging the current gap and tackling the future funding shortfall. Principal responded that due to the funding regime not permitting reserves being held, plus the indications that both the UK and Scottish Parliamentary Budget announcements will be delayed until at least February, it could be very late in the year before funding levels are known, which provided an argument against extending the process.</p> <p>Board Member enquired as to how confident management were re £600k savings figure. Principal noted confidence in this being a robust figure as 70% of annual spend goes on staffing costs.</p> <p>Chair suggested approaching UHI to consider that, should the process not be concluded by 31<sup>st</sup> March in order to use the funds available within the current financial year, additional funding will be needed to conclude process, based on the rationale that the funding situation is unlikely to improve within the delayed Parliamentary Budget processes, and that completion of this significant programme of change would put the College on a much more secure financial footing.</p> <p>Staff Member of Board suggested that the Consultation process is</p>	
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likely to take longer to conclude than 31<sup>st</sup> March as previously noted due to impact assessments, etc. Board were reminded that the process being undertaken was a consultation rather than a negotiation.

Student Member of Board asked whether the University were aware of the new proposal. Principal responded that UHI were aware of the broader issues, but noted that it would be a different conversation to ask for the type of funding being suggested, and advised that there is unlikely to be central funding for this type of expenditure.

Staff Member of Board sought clarification on the type of funding that might be available. Board was advised that it would be very unlikely that UHI would provide a loan facility, therefore funds would be expected to be reclaimed via next financial year's funding mechanism.

Board **AGREED** to approach UHI for bridging funding as noted in Paper 3. Chair noted that the Consultation process should continue to be progressed whilst discussions with UHI take place.

Principal continued with the final section of Paper 3, detailing proposals around a Voluntary Severance Scheme.

Staff Member of Board asked whether all staff would be able to apply. Principal noted that this had been an area of debate at Consultation meetings. Proposal had looked at targeted areas, however a number of staff members had indicated a level of interest in a wider scheme.

Board Member sought clarification on the Statutory x 1.5 offer. Principal noted that voluntary severance would require a level of incentivisation, however affordability was always taken into consideration.

Board Member enquired as to whether Deferred Income amounts available as previously discussed would cover the costs of the VS Scheme described. Principal advised that some discussion with Auditor would require to take place to determine the final Deferred Income amounts available, as the audit process is an evolving and iterative process at the moment.

Student Member of Board noted concern that some of the proposed areas for identified savings seemed to be in direct contrast with the guiding principle of maintaining current levels of student experience. Principal noted that no decisions had been made, and would take on board the point being raised, however unaffordable staff costs need to be prioritised.

Student Member of Board queried why, if the same staffing model was being used but had resulted in the current over-staffing position, how much confidence can be placed in the model. Principal noted

	<p>that there had been an acceptance previously that there were areas of over-staffing within the organisation, however this was no longer tenable.</p> <p>Board Member enquired as to consistency and levels of previous VS schemes within UHI. Principal noted that there was no requirement for consistency across the partnership, and that previous schemes had generally been 2 x Statutory.</p> <p>Student Member of Board asked about the potential impact of teaching staff leaving on or before 31<sup>st</sup> March deadline, when there was still teaching taking place. Principal agreed that some discussions would need to take place in this instance, but that the SFC deadline was imperative.</p> <p>In the matter of the Voluntary Severance Scheme element of Paper 3, a majority decision was <b>APPROVED</b>, with Chair noting that the Student Members of Board voted against the proposal.</p>	
8	<p><b>Chair's Report</b></p> <p>Chair provided verbal update, noting in particular good progress on the Tertiary Committee project, which was likely to replace FERB. A Governance &amp; Accountability meeting was due to be held on December 18<sup>th</sup>.</p> <p>Chair asked for Board input into Programme Board consultation regarding recommendations for assembly. Documentation on the matter to be forwarded and responses collated.</p> <p>Chair briefed Board on Employers Association, noting slow progress on attainment of a National Bargaining agreement for senior managers, however job descriptions for support staff was around 95% complete. Work was also proceeding regarding establishment of a "real" Financial Forecast Return that could be used in funding negotiations with SFC.</p> <p>Chair summarised recent meeting with John Swinney, Deputy First Minister, where discussions had taken place on the consultation exercise, the Audit Scotland investigation and Partnership Board/Assembly.</p>	Chair
9	<p><b>Principal's Report</b></p> <p>Principal provided verbal update, noting in particular ongoing work on consultation and financial year-end.</p> <p>Principal summarised recent trip to China, which focused on business development as well as the graduation ceremony.</p> <p>Principal noted attendance at the Development Trust Scholarship</p>	

	<p>Lunch, where 49 external organisations were represented.</p> <p>Principal noted recent awards success for students, including World Skills UK Heats for a Plumbing, Bonnet Painting (Automotive), and the STAR Awards Partnership Prize for Sodexo and Hospitality.</p> <p>Principal also noted discussions with UHI re Tay Cities Deal professional fees, Programme Board and National Bargaining. Principal had also received a visit from local MP Pete Wishart.</p>	
10	<p><b>HISA Perth Update</b></p> <p>HISA Perth President presented the HISA Perth update (Paper 4), noting thanks to Sam Monie from the Student Engagement Team for his considerable help in producing impressive results re Class Rep training, and outlining changes to Student Representative Council, which had be rescheduled.</p> <p>HISA Perth President noted that the finalised Plan of Work that had been scheduled for publication would be circulated to the Board by the end of the week.</p> <p>Board Member referenced campaign re Council Tax exemptions, noting that there was a deadline of 11 March 2020 for implementation for the next financial year.</p> <p>Sharon Hammell and Anna Zvarikova left the meeting at this stage.</p>	
11	<p><b>UHI Quarterly Status Report</b></p> <p>Board noted the UHI Quarterly Report from September to November 2019 (Paper 5).</p>	
12	<p><b>Strategic Risk Register</b></p> <p>Clerk to the Board presented the updated Strategic Risk Register (Paper 6), noting changes to Risks 4, 9, 17, 21 and 25, plus the addition of Risk 26 (Payroll), Risk 27 (Deferred Income) and Risk 28 (Procurement). Board were advised that Audit Committee the previous week had recommended that Asset Management be added to the Risk Register following advice from the Internal Auditor. This would be processed during the next update.</p> <p>Board Member noted that the focus of actions re Risk 26 was centred around systems, but did not include any reference to Recruitment processes. Clerk to amend.</p> <p>Discussion took place around the number of high Residual Risks, where it was noted that, as highlighted within discussions with auditors, the risk profile of the College has changed. Chair noted that the plan being pulled together by SMT should address many of</p>	<p>Clerk</p> <p>Clerk</p>

	<p>these Risk areas.</p> <p>Clerk outlined plans to encourage sub-Committees to take more ownership of Risks affecting their area with a view to making the current document more relevant. Board AGREED to this proposal, which will be rolled out during Board Cycle 3.</p>	Clerk
<b>13</b>	<p><b>Health &amp; Safety – Quarterly Update</b></p> <p>Board noted the Health &amp; Safety Quarterly Update (Paper 7).</p>	
<b>14</b>	<p><b>Balanced Scorecard</b></p> <p>Board received the Interim Progress Report for the 2018-19 Balanced Scorecard.</p> <p>Whilst acknowledging the information provided within the Scorecard, Board Member expressed concern at the disconnect between the information provided and reasons for improvement or decline against these items. Clerk advised that there had been some issues in receiving meaningful narratives from the data owners, and that the tolerance levels had still to be agreed, which would help in terms of making the Scorecard more meaningful.</p> <p>Further review of the Balanced Scorecard will take place over the coming months.</p>	
<b>15</b>	<p><b>Direct Debit Bulk Change Deed</b></p> <p>Chair and Principal signed authorisation papers on behalf of the Board to execute a bulk change deed relating to direct debit arrangements.</p>	
<b>16</b>	<p><b>Regional Outcome Agreement</b></p> <p>Depute Principal provided a summary of Paper 9 relating to the 2018-19 Regional Outcome Agreement, noting that the 2019-20 ROA was currently being developed and Academic Partners had until March to make further input, with Board and other stakeholders involved in the process. This stakeholder engagement was scheduled to occur during January and February.</p>	
<b>17</b>	<p><b>Minutes of Board Standing Committees</b></p>	
17.1	<p>Engagement Committee – 07 November 2019</p> <p>The minutes of this meeting were noted.</p>	

17.2	<p>Chairs' Committee – 14 November 2019</p> <p>The minutes of this meeting were noted.</p> <p>Chair noted that a decision had been made not to appoint a Vice-Chair of AST as, due to AST being a subsidiary company, this is not required.</p>	
17.3	<p>Academic Affairs Committee – 20 November 2019</p> <p>The minutes of this meeting were noted.</p>	
17.4	<p>Finance &amp; General Purposes Committee – 11 December 2019</p> <p>The minutes of this meeting were noted.</p>	
17.5	<p>Audit Committee – 11 December 2019</p> <p>The minutes of this meeting were noted.</p>	
18	<p><b>Date &amp; Time of Next Meeting</b></p> <p>Wednesday 18 March 2020</p> <p>Clerk to advise on date of Extraordinary Meeting of Board once determined</p>	Clerk
19	<p><b>Review of Meeting</b></p> <p>Members agreed the meeting had covered Board business.</p>	

**Information (Scotland) Act 2002 (FOI(S)A). Certain exemptions apply: financial information relating to procurement items still under tender, legal advice from College lawyers, items related to national security.**

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

**Status of Minutes – Open ☒**

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

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

The College may also be asked for information contained in minutes about living individuals, under the terms of the Data Protection Act 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** ☒

# Extraordinary Board of Management

(Closed minutes until Auditor General has approved External Audit and linked papers)

## DRAFT Minutes

**Meeting reference:** Board 2019-20/EM

**Date and time:** Thursday 20 February 2020 at 5.30pm

**Location:** Room 019

**Purpose:** Extraordinary meeting to discuss business deferred from Scheduled Board Meeting of 17 December 2019

**Members present:** Brian Crichton, Board Member (Chair)  
Andrew Comrie, Board Member  
Sharon Hammell, Board Member (via video conference)  
Katrina Hodgson (from Item 5)  
Debbie Hutchison, Board Member  
Craig Ritchie, Board Member  
Charlie Shentall, Board Member  
Margaret Cook, Principal & Chief Executive  
John Dare, Staff Member  
Amy Studders, HISA Perth President  
Debbie Das Chaudhry, HISA Perth

**In attendance:** Lorenz Cairns, Depute Principal (Academic)  
Catherine Etri, Associate Principal (Curriculum)  
Veronica Lynch, Vice Principal (External)  
Graham Little, Interim Head of Finance  
Henry Nicholson, Financial Accountant  
Ian McCartney, Clerk to the Board of Management

**Apologies:** David Littlejohn, Board Member (Vice-Chair)  
Sheena Devlin, Board Member  
Lynn Oswald, Board Member

**Chair:** Brian Crichton  
**Minute Taker:** Ian McCartney  
**Quorum:** 6

Summary of Action Items			
Ref	Action	Responsibility	Time Line
5	<b>External Audit Annual Report 2018-2019</b> Board Schedule of Reporting be produced for the June Board meeting, for roll-out AY 2020/21	Clerk	June Board
5	<b>External Audit Annual Report 2018-2019</b> Vice Principal to confirm with EY that highlighted section on Page 13 has been completed, and correct error	Vice Principal	ASAP
5	<b>External Audit Annual Report 2018-2019</b> Financial Forecast Return to be revised and tabled during next Board cycle	Vice Principal	March Board
5	<b>External Audit Annual Report 2018-2019</b> Update on potential cost-effective fixes for finance, payroll and HR	Vice Principal	March Board
5	<b>External Audit Annual Report 2018-2019</b> Risk Register to be updated to reflect recommendations within Audit Report	Clerk	March Board
6	<b>Audit Committee report to the Board of Management</b> Clerk to circulate updated version of Report	Clerk	ASAP



## **MINUTES**

<b>Item</b>		<b>Action</b>
<b>1.</b>	<p><b>Welcome and Apologies</b></p> <p>The Chair welcomed everyone to the meeting, and noted apologies from David Littlejohn, Sheena Devlin and Lynn Oswald.</p> <p>Chair informed Board of closed nature of business until Auditor General has approved External Audit and linked papers.</p>	
<b>2.</b>	<p><b>Declaration of Interest in any Agenda Item</b></p> <p>There were no declarations of interest.</p>	
<b>3.</b>	<p><b>Minutes of the Extraordinary Meeting Finance &amp; General Purposes &amp; Audit Committees held on 11 December 2019</b></p> <p>Minutes were agreed as providing a true and accurate record.</p> <p>Actions arising from this meeting were completed and absorbed into Papers tabled at Extraordinary Board.</p>	
<b>4.</b>	<p><b>Perth College Group Report &amp; Financial Statements for the Year ended 31 July 2019</b></p> <p>Interim Head of Finance presented Group Report &amp; Financial Statements (Paper 2) noting that all outstanding issues related to this paper had been addressed</p> <p>Interim Head of Finance noted an additional £84k of accrued income from the previous version of the Paper tabled at the Extraordinary Meeting Finance &amp; General Purposes &amp; Audit Committees held on 11 December 2019, plus equal and opposite adjustments of £395k.</p> <p>Interim Head of Finance noted an operating deficit of £243k, which contributed to an Adjusted Operating Surplus of £1.274m, as noted in table on page 12 of the Statements. It was noted that this provided a better position to that of 2017-2018, however much of this improvement was due to deferred income released into the accounts.</p> <p>Chair commended Finance Team and External Auditors for their efforts under difficult circumstances, and noted that Paper 2 would be presented for approval alongside Paper 3.</p>	
<b>5</b>	<p><b>External Audit Annual Report 2018-2019</b></p> <p>Vice Principal presented paper 3 to the Board, comprising the External Audit Annual Review 2018-19.</p>	



	<p>Board Member asked about plans re Recommendation 9, re the Financial Forecast Return (FFR). Vice Principal advised that the FFR process will need revisited in terms of projections to ensure these are robust, and that an amended FFR will be tabled during the next Board cycle.</p> <p>Board Member asked about the section on Governance and Transparency, noting in particular the reference made to the quality of reporting and recording of decision-making. Clerk noted that a project had commenced view a view to providing clear protocols throughout the organisation with regard to minute-taking, and this was due to be concluded before the end of the Academic Year.</p> <p>Board Member noted that a number of the points raised within the Audit Report were resource-based, for example systems weaknesses in payroll and pensions, and asked what Board could do to address this. Chair noted that the Action Plan should provide clarity on the priorities for the College, which will directly impact resource allocation, however this was more than a matter purely of affordability. Principal expressed a preference for an end-to-end system, but noted that this was not available within the Tech1 system utilised by UHI. Vice Principal further noted that a £25k investment planned for updates to the current finance system, Symmetry.</p> <p>Chair requested that an update be provided to next Board meeting on potential short-term cost-effective system fixes for finance, payroll and HR.</p> <p>Concluding the discussion, Chair requested that the Risk Register be updated to reflect the recommendations within the Audit report.</p> <p>Subject to the amendments noted, the Perth College Group Report &amp; Financial Statements for the Year ended 31 July 2019 and External Audit Annual Report 2018-2019 were <b>APPROVED</b>.</p>	<p>Vice Principal</p> <p>Vice Principal</p> <p>Clerk</p>
6	<p><b>Audit Committee Annual Report to the Board of Management</b></p> <p>Clerk presented Paper 4, noting that an Addendum had been tabled re Section 2 – Internal Audit. The wording had been agreed with the Internal Auditor having provided them the opportunity to clarify the context of areas within their scope, this matter having been agreed in principle at the Extraordinary Meeting of F&amp;GP &amp; Audit Committees; however this wording had not been received in time to be included in the Paper.</p> <p>Board Member noted than certain parts of Appendix 3, Section 6 required clarification to provide consistency, and that the final paragraph of Section 2 of the Report relating to the Internal Auditor requires the addition of “with exceptions”.</p>	

	<p>Subject to these amendments, the Audit Committee Report to the Board of Management was APPROVED.</p> <p>An updated version of the Report, plus covering note detailing the changes made, is to be circulated to the Board.</p>	Clerk
7	<p><b>Date &amp; Time of Next Meeting</b></p> <ul style="list-style-type: none"> <li>Wednesday 18 March 2020 at 5:30pm</li> </ul> <p>Chair recorded thanks to Board, management and other staff for their continued forbearance over the last few months in dealing with these complex issues.</p>	

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

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

**Status of Minutes – Open ☐ Closed ☒ \***

**\*Minutes will remain closed until Auditor General has approved External Audit and linked papers**

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

# Perth College

**Annual Audit Report to the  
Board of Management and the  
Auditor General for Scotland -  
year ended 31 July 2019**

**February 2020**



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## 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 Public Finance and Accountability (Scotland) Act 2000 and our responsibilities as set out within Audit Scotland's Code of Audit Practice. This report is for the benefit of the College and is made available to the Auditor General for Scotland and Audit Scotland. 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.

## Key Conclusions from our 2018/19 audit

<p>Financial statements: <b>Audit Opinion</b></p>	<p>We have concluded our audit of the College's consolidated financial statements for the year ended 31 July 2019. A significant number of adjustments were processed as part of the audit. Appendix F outlines the 31 processed adjustments, along with two unadjusted audit differences arising from the audit.</p> <p>Following substantial revision as part of the audit process, we concluded the other information subject to audit, including parts of the Remuneration Report and the Governance Statement were appropriate.</p>	<p>A M B E R</p>
<p><b>Presentation and disclosures</b></p>	<p>We did not receive draft financial statements in line with our agreed timetable and the financial statements and disclosures required substantial revision to allow us to conclude that they were materially compliant with the requirements of the Scottish Funding Council's 2018/19 Accounts Direction. The College was unable to produce financial statements by the 31 December 2019 deadline.</p>	<p>A M B E R</p>
<p>Wider Scope: <b>Financial Management</b></p>	<p>The College has experienced significant turnover within the finance team over a period of 18 months. In December 2018, the previous Chief Operating Officer left the College. These factors have had a significant impact on the capacity and capability of the finance team and the College's ability to provide the Board with the strategic financial planning support that it needs. During the year, Board members highlighted that key financial reports provided late or verbally undermined their ability to fully discharge their responsibilities.</p> <p>In our view, there is significant scope to improve the quality of financial reporting by providing focused analysis on significant budget movements, the impact of key strategies and the forecast outturn position. Our work has identified ongoing weaknesses in internal controls, including lack of effective management review. The College did not fully participate in the NFI exercise within the timetable set by Audit Scotland and NFI is not yet embedded within the College's Fraud Policy and Response Plan.</p>	<p>R E D</p>
<p><b>Financial Sustainability</b></p>	<p>The College submitted its Financial Forecast Return to the Scottish Funding Council in September 2019. The Board received insufficient time or support to be able to challenge key assumptions effectively. The FFR has not been subject to the level of scenario planning we would expect. In our view, the FFR does not present a robust medium term financial plan and cannot, therefore provide adequate assurance to the Regional Strategic Body or the Scottish Funding Council that financial risks are being managed effectively.</p> <p>The College has established ambitious plans to diversify income within the draft Business Development and International strategies. While these strategies are work in progress, financial monitoring reports provide insufficient detail at this stage to allow the Board to track the delivery of key strategies. All strategies of this nature present a risk that income will not be delivered as planned. The College must therefore ensure that financial monitoring reports are robust and aligned to the delivery of strategic plans.</p>	<p>R E D</p>



Governance and  
Transparency

While the College has a number of key features of good governance in place, there is a risk that Board members are not provided with enough support or information to fully discharge their responsibilities. The Board did not consider financial monitoring reports or the risk register during the year. We also noted a number of significant decisions, including the structure of the Senior Management Team and the use of settlement agreements, were not, in our view, subject to adequate scrutiny.

Management’s assessment of compliance with the Code of Good Governance identified two areas of non-compliance. The College also disclosed a number of other significant control weaknesses within the Governance Statement, including the failure to produce and finalise financial statements by the deadline set within the Accounts Direction. We also note that the College’s internal auditors have drawn attention to limited progress made to date in implementing internal audit recommendations.

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Value for Money

The College has reviewed the effectiveness of balanced scorecard reporting during 2018/19, but the current scorecard does not provide metrics for key indicators. The Board received only an interim performance report for 2018/19; 40% of targets that can be measured have not been achieved.

Significant procurement weaknesses were identified and disclosed within the College’s governance statement.

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# Introduction

## Our key contacts:

Stephen Reid  
Partner  
[sreid2@uk.ey.com](mailto:sreid2@uk.ey.com)

Grace Scanlin  
Senior Manager  
[grace.scanlin@uk.ey.com](mailto:grace.scanlin@uk.ey.com)

Rachel Wynne  
Assistant Manager  
[rachel.wynne@uk.ey.com](mailto:rachel.wynne@uk.ey.com)

## Purpose of this report

In accordance with the Public Finance and Accountability (Scotland) Act 2000 (“the Act”), 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.

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 Board of Management and the Auditor General for Scotland, and is presented to those charged with governance. This report is provided to Audit Scotland and will be 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 Annual 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 practices 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. Such areas we have identified are highlighted throughout this report together with our judgements and conclusions regarding the College’s arrangements.

## Our independence

We confirm that we have undertaken client and engagement continuance procedures, which include our assessment of our continuing independence to act as the College’s external auditor.

## Scope and Responsibilities

The Code sets out the responsibilities of both the College and the auditor (summarised in Appendix A). We outlined these in our Annual Audit Plan, which was presented to the Audit and Risk Committee on 14 May 2019.

Our Annual Audit Plan set out an overview of our audit scope and approach for the audit of the 2018/19 financial statements. Planning is a continuous process and changes were required to the audit approach outlined in the plan. These changes were triggered following:

- continued significant changes in personnel within the finance team;
- concerns raised by internal audit with respect of payroll system;
- correspondence received by Audit Scotland during the course of the audit; and
- late provision of compliant financial statements and relevant working papers

As a result, changes were made to the level of materiality that we applied during the audit. Tolerable error was reduced from 75% to 50% of planning materiality.

Overall Materiality	Tolerable Error	Reporting threshold
£460,000	£230,000	£23,000
1.9% of the College's gross expenditure	Materiality at an individual account level	Level that we will report to committee

As outlined in our Annual Audit Plan, based on considerations around the expectations of financial statement users and qualitative factors, we apply a lower materiality level of £1,000 to the audited section of the Remuneration Report. We also apply professional judgement to consider the materiality of Related Party Transactions to both parties.

### Financial statement audit

We are responsible for conducting an audit of the College's financial statements. We undertake our audit in accordance with the Code of Audit Practice (the Code), issued by Audit Scotland in May 2016; relevant Auditing Standards and applicable Practice Notes issued by the Financial Reporting Council; relevant legislation; and other guidance issued by Audit Scotland. Our findings are summarised in Section 2 of this report.

### Wider Scope audit

Our responsibilities extend beyond the audit of the financial statements. The Code requires auditors to provide judgements and conclusions on dimensions of wider scope public audit. During our planning procedures we assessed the College as meeting the definition of a smaller body for the purposes of our wider scope audit consideration. As a result of the risks identified following initial audit fieldwork, our assessment was amended and we extended our work to consider financial management and value for money. In 2018/19 we have therefore formed judgements and conclusions on all four dimensions of wider scope public audit:

- Financial management;
- Financial sustainability;
- Governance and transparency; and
- Value for money.

Our findings against each dimension are summarised in Section 3 of this report.



# Financial Statements audit

## Introduction

The annual financial statements provide the College with an opportunity to demonstrate accountability for the resources at its disposal, and report on its overall performance in the application of those resources during the year. We are responsible for conducting an audit of the financial statements of the College and provide an opinion on the financial statements as to:

- whether they give a true and fair view of the state of affairs of the College and its group as at 31 July 2019 and the deficit for the year then ended;
- whether they have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- whether they 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).

This section of our report summarises the audit work undertaken to support our audit opinion, including our conclusions in response to the significant and other risks identified in our Annual Audit Plan.

Our Annual Audit Plan was considered by the Audit and Risk Committee on 14 May 2019. The plan highlighted two areas that we identified as a significant risk of material misstatement or fraud risk:

- the risk of fraud in revenue and expenditure recognition (significant risk); and
- misstatements due to fraud or error (fraud risk).

The plan also highlighted three areas of higher inherent risk within the 2018/19 financial statements:

- Valuation of Property, Plant and Equipment and capital funding;
- Pension Liability and Asset Valuation; and
- Remuneration report disclosures.

Following notification of an internal audit into the payroll system and associated concerns regarding the reliability and accuracy of data within the payroll system, our risk assessment was reassessed. This led to payroll expenditure also being assessed as a significant risk for the purposes of the audit.

## Compliance with financial reporting 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 are 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 Trustees Investment (Scotland) Act and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

## Presentation and quality of financial statements

Exhibit 1 outlines the significant difficulties experienced in receiving draft financial statements for audit. Our previous Annual Audit Reports in both 2016/17 and 2017/18 noted the importance of providing complete financial statements, including front end narrative sections, at the start of the audit. Throughout 2018/19, the College finance team experienced significant staff turnover, which we understand impacted management's capacity to provide the financial statements in line with the initially agreed timetable. This contributed to our revised risk assessment and consideration of the College's overall financial management arrangements, which we report upon within Section 3.

The draft financial statements provided by management were not fully updated from the prior year and did not incorporate new requirements as outlined in the Scottish Funding Council's (SFC) 2018/19 Accounts Direction. We made a significant number of suggestions to enhance presentation and readability, and to ensure compliance with disclosure requirements. We also identified areas where statements were not factually accurate. We are satisfied that management addressed all material comments in the finalised version of the financial statements.

While we worked with the finance team to ensure that the final financial statements are materially compliant with the requirements outlined in the SFC's 2018/19 Accounts Direction, the SORP and FRS 102, the readability and usefulness to the reader must 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 year end audit.

## Group financial statements

The College prepares group financial statements, consolidating the results of the College and its subsidiary undertaking, AST (Engineering) 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 substantially completed the audit of the subsidiary financial statements and expect to issue an unqualified audit opinion.

We have considered the arrangements in respect of the Perth College Development Trust (the Trust). During 2018/19, the Chair and Chief Executive became Trustees. Our updated assessment of the Trust concluded that as the College is now able to exert control over the Trust, the Trust should form part of the College group financial statements. In 2018/19 we agreed with management that this would be an unadjusted misstatement on the basis that the Trust financial position at 31 July 2019 is immaterial to the College's financial statements.

**Recommendation 1:**  
Significant improvements are required to the financial closedown procedures and preparation of the financial statements to ensure timely and accurate completion of financial statements.



Exhibit 1: Timeline for the financial statements

Date	Event	Audit Impact
14 May	Annual Audit Plan agreed <ul style="list-style-type: none"> <li>Timetable for the audit agreed, including date for final audit fieldwork.</li> </ul>	-
17 September	Internal audit payroll report <ul style="list-style-type: none"> <li>Series of errors identified by Internal Audit, including errors in National Insurance contributions.</li> </ul>	<ul style="list-style-type: none"> <li>Additional procedures planned for payroll.</li> </ul>
21 October	Start of audit fieldwork (Visit 1) <ul style="list-style-type: none"> <li>Client Assistance Schedule issued to Head of Finance set deadline for working papers to be complete by 14 October.</li> <li>No financial statements available for College or AST and working papers subject to change.</li> <li>Informed that Head of Finance had resigned.</li> <li>National Insurance error quantified by Head of Finance as £108,000.</li> </ul>	<ul style="list-style-type: none"> <li>On 25 October, we contacted the College Vice Principal to raise concerns about lack of preparedness and timescales for the audit committee.</li> <li>We reviewed and reduced materiality from 75% to 50%.</li> <li>Payroll reassessed as a significant risk.</li> <li>Wider scope risk assessment reviewed and scope extended to include Financial Management.</li> <li>EY team suspended onsite fieldwork on 1 November 2019.</li> </ul>
6 November	Update Call between Finance Team and EY <ul style="list-style-type: none"> <li>We noted that no financial statements had been prepared and that significant journals, including fixed asset additions and disposals had not been posted and debtors and creditors were incomplete.</li> <li>Previous Head of Finance, new Head of Finance and Vice Principal committed to produce financial statements by 15 November 2019.</li> </ul>	<ul style="list-style-type: none"> <li>We agreed to remain off site to allow the Finance Team to focus on the preparation of financial statements.</li> </ul>
18 November	EY audit team onsite fieldwork resumed (Visit 2) Financial Statements received on 15 November 2019, but significant areas where they were non-compliant, including: <ul style="list-style-type: none"> <li>Key FReM requirements missing such as Performance Analysis, Parliamentary Accountability and Audit Report and Directors Report.</li> <li>SFC 2018/19 Accounts Direction requirements missing including Cash Budget for Priorities, Depreciation Budget for Government Funded Assets and membership and attendance of the Board.</li> <li>Other errors and omissions within the Remuneration Report and Corporate Governance Statement.</li> <li>AST (College Subsidiary) financial statements not prepared.</li> </ul>	<ul style="list-style-type: none"> <li>Meeting held with Principal and Finance Team to update on progress.</li> <li>Meeting held with Vice Principal and Finance Team.</li> <li>Guidance and support provided to update the financial statements.</li> <li>Significant level of errors identified which led to extended testing, hindered by the College's paper based systems.</li> </ul>

Date	Event	Audit Impact
November	<p>Correspondence received from Audit Scotland</p> <ul style="list-style-type: none"> <li>A number of financial management allegations were made in correspondence to Audit Scotland and the Scottish Funding Council . The SFC requested that UHI Head of Internal Audit investigate and report.</li> </ul>	<ul style="list-style-type: none"> <li>Initial correspondence and calls with UHI Head of Internal Audit to allocate lead roles.</li> <li>Wider scope risk assessment reviewed and elected to apply full scope, including value for money.</li> </ul>
28 November	<p>Version 2 of the Financial Statements</p> <p>Significant remaining areas of non-compliance including:</p> <ul style="list-style-type: none"> <li>FReM Requirements: Parliamentary Accountability and Audit Report and Directors Report, Trade Union Facility Time disclosures.</li> <li>SFC 2018/19 Accounts Direction requirement: Cash Budget for Priorities, Depreciation Budget for Government Funded Assets and membership and attendance of the Board.</li> <li>Other errors and omissions within the Remuneration Report and Corporate Governance Statement.</li> <li>AST (Subsidiary) financial statements not prepared.</li> </ul>	<ul style="list-style-type: none"> <li>Additional review of Version 2.</li> <li>Significant payroll errors identified.</li> <li>Significant errors in accruals.</li> <li>Procurement anomalies identified.</li> </ul>
29 November	<p>Detailed progress meeting held between EY and College Finance Team</p> <ul style="list-style-type: none"> <li>Discussion with Board Secretary and Vice Principal led to arrangements for an extraordinary audit committee meeting.</li> </ul>	<ul style="list-style-type: none"> <li>Outstanding list provided to Finance Team.</li> <li>Audit Scotland advised that College would not be able to publish audited financial statements by the 31 December deadline</li> </ul>
4 December	<p>Update Meeting with Principal and Chair of the Board</p> <ul style="list-style-type: none"> <li>Progress summary discussed.</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing working with UHI Head of Internal Audit.</li> <li>EY audit team withdrew again to allow Finance to work on outstanding areas.</li> </ul>
11 December	<p>Audit Committee</p> <ul style="list-style-type: none"> <li>Audit Partner in attendance to provide progress update.</li> <li>College management identified disclosures to be added to Corporate Governance Statement.</li> </ul>	<ul style="list-style-type: none"> <li>Additional senior involvement in meetings and providing feedback and support for governance disclosures.</li> </ul>
6 January	<p>EY audit team fieldwork resumed (Visit 3)</p> <ul style="list-style-type: none"> <li>Financial statements received, but continuing areas missing or non-compliant, including Cash Budget for Priorities, Adjusted Operating Position, errors and omissions within the Remuneration Report and Corporate Governance Statement.</li> </ul>	<ul style="list-style-type: none"> <li>Final testing undertaken.</li> <li>Impact of level of errors considered on overall materiality.</li> </ul>
5 February	<p>Updated Financial Statements Received</p> <ul style="list-style-type: none"> <li>SFC approval of Adjusted Operating Position received on 13 February 2020.</li> </ul>	<ul style="list-style-type: none"> <li>Additional review and comments on disclosure amendments</li> </ul>

Our testing was conducted over three visits and was impacted by the reduction in materiality, responding to the identified level of audit risk, the level of omissions and errors identified and the paper based systems at the College.

### Impact on the audit

As a result of the significant issues encountered, substantial changes were required to our audit approach. The key changes included:

- Reduction in the material level we applied to the financial statements audit. This significantly increases the level of testing applied as a result of balances being brought within the testing threshold;
- Reassessment of payroll as a significant risk;
- Additional testing as a result of errors identified, to provide overall assurance over balances;
- Key disclosures, including the Remuneration Report requirements were subject to significant revision throughout the audit process.
- Review of multiple versions of the narrative sections of the financial statements which had not been subject to sufficient quality review against the requirements of the SFC's 2018/19 Accounts Direction or HM Treasury Financial Reporting Manual.

Additionally, the time taken to undertake testing was higher than we would normally expect as a result of the paper based system in place within finance.

### Audit outcomes

Management made a number of adjustments following the start of our onsite audit work in relation to:

- the actuarial valuation of the LGPS liability;
- capital additions in the year and associated capital grants; and
- corrections to tuition fee income.

We identified two unadjusted audit differences arising from the audit that breached our reporting threshold. A significant number of adjustments were processed as part of the audit. 31 processed adjustments, along with two unadjusted audit differences arising from the audit. Appendix F identifies 31 adjustments that were processed as part of the audit, including eight that impacted the AST financial statements.

Following substantial revision as part of the audit process, we concluded the other information subject to audit, including parts of the Remuneration Report and the Governance Statement were appropriate.

Our overall audit opinion is summarised on the following page.



# Our audit opinion

Element of opinion	Basis of our opinion	Conclusions
<b>Financial statements</b> The financial statements provide a true and fair view of the state of affairs of the College and its group at 31 July 2019 and of the deficit for the year then ended  The financial statements are prepared in accordance with the financial reporting framework	We report on the outcomes of our audit procedures to respond to our assessed risk of misstatements, including significant risks within this section of our report. We did not identify any areas of material misstatement.  We are satisfied that accounting policies are appropriate and estimates are reasonable.  We have considered the financial statements against the financial reporting requirements, and additional guidance issued by the SFC and Audit Scotland.	We expect to issue an unqualified audit opinion on the 2018/19 financial statements for Perth College and its group.
<b>Going concern</b> We are required to conclude and report on the appropriateness of the use of the going concern basis of accounting	We conduct core financial statements audit work, including management's assessment of the appropriateness of the going concern basis.  Wider scope procedures, including financial forecasts are considered as part of our work on financial sustainability.	We have no matters to report.
<b>Other information</b> We consider whether the other information in the financial statements is materially inconsistent with other knowledge obtained during the audit	We conduct a range of substantive procedures on the financial statements. Our conclusion draws upon: <ul style="list-style-type: none"> <li>Review of committee minutes and papers, regular discussions with management, our understanding of the College and the sector.</li> </ul>	We are satisfied that the annual report materially meets the core requirements set out in the Accounts Direction.
<b>Report on regularity of income and expenditure</b> We are required to consider whether in all material respects the income and expenditure in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by Scottish Ministers	Our procedures include: <ul style="list-style-type: none"> <li>Understanding the applicable enactments and guidance issued by the Scottish Ministers.</li> <li>Performed detailed testing of income and expenditure testing to ensure transactions are in line with enactments and guidance</li> </ul>	We have no matters to report, although we draw attention to procurement matters within our Value for Money assessment on page 33.
<b>Matters prescribed by the Auditor General for Scotland</b> Audited part of Remuneration Report has been properly prepared.  The Performance Report and Annual Governance Statement are consistent with the financial statements and have been properly prepared.	We are required to report on whether the sections of the Remuneration and Staff report, and Accountability report have been properly prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council.	We have no matters to report.
<b>Matters on which we are required to report by exception</b>	We are required to report on whether: <ul style="list-style-type: none"> <li>adequate accounting records have not been kept; or</li> <li>the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or</li> <li>we have not received all the information and explanations we require for our audit</li> </ul>	We have no formal matters to report but we have made observations and recommendations on the quality of management records.

# Significant and fraud audit risks

## 1. Risk of Fraud in Income and Expenditure Recognition

As we outlined in our Annual Audit Plan, ISA (UK) 240 requires us to assume that fraud risk from income recognition is a significant risk. In the public sector, we extend our consideration to the risk of material misstatement by manipulation of expenditure.

In our audit planning, we rebutted the risk of improper recognition of Scottish Funding Council (“SFC”) core grant funding because there is no judgement in respect of this income stream. With regards to expenditure, we rebutted the risk of improper recognition of payroll expenditure at the planning stage however following the identification of weaknesses in the payroll system by internal audit, our assessment changed to incorporate the risk of improper recognition of payroll expenditure. The charts below highlight how our assessment impacts our testing strategy on the College’s financial statements.

Exhibit 2: Key components of the College’s income and expenditure



Source: 2018/19 Financial Statements: Statement of Comprehensive Income and Expenditure

Our testing identified significant misstatements relating to revenue and expenditure recognition. A total of 30 adjustments were required to the financial statements.

### Specific procedures relating to significant risks

We undertake specific, additional procedures over income and expenditure streams where we identified a significant risk, including:

- Review and challenge management's accounting estimates over revenue or expenditure recognition for evidence of bias.
- Review transaction listings for individually material balances as well as unusual items to agree to supporting documentation and third party evidence.
- Test a representative sample of transactions across the remaining income and expenditure population to ensure coverage of testing across all balances.
- Review and test income and expenditure to ensure it is accounted for in the correct financial period.
- Perform a search for material payments and receipts received after year end and ensured these had been accounted for in the correct period.

Our testing identified a number of errors within accrual accounting, where invoices had been processed incorrectly. The level of errors within our initial sample meant that additional testing was performed and we extended our cut off testing.

This level of error highlights the importance of the need for management to quality review both of individual journals, and of the draft financial statements.

#### Recommendation 2:

The Finance Team must ensure that quality assurance and review processes are in place throughout the year to reduce the risk of fraud or error.

### Deferred Income

As part of the 2018/19 planning process, College management identified a number of uncertainties in how it should account for and release deferred income. The Previous Head of Finance highlighted two income streams where information was available elsewhere in the College to support the release of income that had previously been deferred. We worked with the Head of Finance and the Vice Principal – External Engagement to assess the information available at the time of the preparation of the 2017/18 financial statements, and the timing of the completion of milestones. This resulted in a release of income relating to Foundation Apprenticeships (£223,398) and 2016/17 LUPS income (£118,977). We agreed with management that it was appropriate to release the income into 2018/19 as the overall level of income did not breach our materiality level in 2018/19 or 2017/18.

The lack of clear management records, and poor communication between the Finance Department and other departments within the College meant that Finance was unaware of milestone reporting for Foundation Apprenticeships. More generally, we noted that the process to track income streams needs to be strengthened to improve the quality of financial reporting across the College.

#### Recommendation 3:

The Finance Team should review the processes to record and track all sources of income.

# Additional Significant Risk Areas

	Our audit procedures	Our findings
<p><b>Payroll</b></p> <p>In September 2019, the College’s internal auditors drew attention to a number of errors within payroll, including an underpayment of national insurance contributions over the course of three years that was later estimated at £108,000.</p> <p>While this balance was below our materiality level, in light of the nature of the errors, we reclassified payroll as a significant risk. The College’s payroll costs amounted to £17.9 million in 2018/19 and account for around 70% of expenditure.</p> <p>Management has set aside a provision of £250k within the financial statements to reflect their estimate of the impact across 6 years, along with any penalties that may be necessary.</p>	<ul style="list-style-type: none"><li>• Considered the work performed by the College’s internal auditors and used this to tailor our audit approach to the most significant risk areas.</li><li>• Challenged management’s assessment of the national insurance provision and the underlying data used to inform the estimate.</li><li>• Tested a sample of employee deductions to ensure both pay and deductions were accurate.</li><li>• Reconciled the payroll system to the financial ledger to ensure the completeness of payroll expenditure.</li><li>• Performed analytical procedures to ensure payroll costs are consistent with headcount and known pay changes.</li><li>• Challenged management’s assessment of the annual leave accrual and the underlying data used to inform the estimate.</li></ul>	<p>Our payroll testing identified a number of differences related to pension contribution testing including:</p> <ul style="list-style-type: none"><li>• Incorrect calculation of pensionable pay</li><li>• Incorrect rates used for calculating employee pension contributions</li><li>• Employees being enrolled in two pension schemes</li></ul> <p>Management have performed additional procedures, including asking internal audit to estimate the potential financial impact. As a result, we are content that any differences will not breach materiality for the purposes of the financial statements.</p> <p>We did not identify any other audit matters to report.</p>

# Other Inherent Risk Areas

Our Annual Audit Plan highlighted additional areas of inherent risk. We identified no further areas of risk as part of our audit procedures. The results of our procedures on inherent risk areas are summarised below.

	Our audit procedures	Our findings
<p><b>Valuation of Property Plant and Equipment</b></p> <p>The College’s PPE portfolio totals £35.8 million. Our work focused on judgements in relation to the valuation of the College’s land and buildings and treatment of deferred capital income.</p>	<ul style="list-style-type: none"><li>Considered the work performed by the College’s external valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work.</li><li>We undertook procedures to align historic deferred grants to individual assets on the asset register. We confirmed that the deferred grant workings and fixed asset register are consistent</li><li>We considered changes to useful economic lives as a result of the most recent valuation and tested to ensure that deferred grants are released in line with the assets useful life</li><li>Analysed the source data and made inquiries at to the procedures used by management’s specialist to establish the source data was complete.</li><li>Challenged management’s assessment of the estate valuation at the year end and any indicators of impairment.</li><li>Verified that the specialist’s findings have been correctly processed in the financial statements through testing of accounting entries.</li><li>Reviewed the College’s backlog maintenance estates 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.</li></ul>	<p>We reviewed the assumptions used in the valuation of land and buildings for 2018/19. As part of that work we challenge the accuracy and appropriateness of assumptions, and agreed the workings to underlying asset information.</p> <p>Our testing identified a number of adjustments in relation to the disclosure of Assets Held for Sale and timing of additions, outlined in Appendix F.</p>

## Our audit procedures

## Our findings

### Valuation of Pension Liabilities

The College's pension fund deficit is a material estimated balance. Under the Higher and Further Education SORP (2015), the liability is disclosed on the College's balance sheet. At 31 July 2019, the College's share of the pension scheme net liability totalled £5.683 million (2017/18: £2.883 million).

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

We have focused on the following areas, which are consistent with those of management:

- The reasonableness of the underlying assumptions used by the College's actuary, including those associated with recent judgements on McCloud and Guaranteed Minimum Pensions (GMP).
- Ensuring the information supplied to the actuary in relation to the College was complete and accurate.
- Ensuring the accounting entries and disclosures made in the financial statements were consistent with the actuary's report.

We have liaised with the appointed auditor of the Tayside Pension Fund to obtain assurances over the information supplied to the actuary in relation to the College.

We have assessed the work of the Pension Fund actuary including the assumptions they have used by utilising our in-house experts. We have assessed both the robustness of the methodology used to derive the key actuarial assumptions and the reasonableness and consistency of the assumptions underpinning such reports, using guidance available.

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 assessed the approach taken by the actuary to account for the estimated impact of the recent rulings made around the McCloud judgement and various rulings around GMP.

The actuarial valuation report that the College obtained to support the draft financial statements had accounted for the impact of McCloud and the pre-2016 impact of GMP.

We have considered the reasonableness of the reported asset position and note that the actuary's estimated investment returns were consistent with actual investment returns for Tayside Pension Fund.

Assumptions used by the actuary and adopted by the College are considered to be generally acceptable. The sensitivities surrounding these assumptions have been correctly disclosed in the notes to the financial statements.

# Looking ahead

## Recommendation 4:

The College should conduct an impact assessment on the implementation of the revised SORP.


### **Updated Statement of Recommended practice: accounting for further and higher education 2019 edition**

The Statement of Recommended Practice (SORP): accounting for further and higher education has been updated to reflect the amendments made to FRS 102 following its triennial review in 2017. The revised SORP will be effective for financial periods beginning on or after 1 January 2019 and therefore will be applied by the College within their 2019/20 financial statements.

The triennial review was published by the Financial Reporting Council in December 2017. The majority of amendments were editorial in nature and clarified rather than changed accounting treatment. The amendments to the SORP follow a similar basis and it is not therefore anticipated that the College will be required to adopt substantive changes to accounting treatments. We do, however, expect that the College will be required to adopt a number of changes to disclosure requirements.

We will work with management during 2019/20 to ensure the correct application of the new requirements.





# Wider Scope Dimensions

## Introduction

Under Audit Scotland's Code of Audit Practice (May 2016), we are required to reach conclusions in relation to the effectiveness and appropriateness of the College's arrangements for wider scope audit dimensions. We apply our professional judgement to risk assess and focus our work on each of the dimensions.

As in previous years, and in accordance with Audit Scotland planning guidance, within the Annual Audit Plan we assessed that it was appropriate to classify the College as a smaller body for the purposes of our wider scope audit consideration, and our work would be limited to considering financial sustainability and the annual governance statement.

As a result of significant changes impacting the College, during audit fieldwork we reviewed and revised our risk assessment. Key factors influencing our wider scope assessment included:

- significant turnover within the finance team, including the resignation of the Head of Finance in October 2019;
- the impact of the College's updated financial planning; and
- correspondence received by Audit Scotland in relation to the College.

As a result, we extended the scope of our work to address each of the four wider scope audit dimensions.

## The Wider Scope dimensions

- **Financial Sustainability:** Considers the medium and longer term outlook to determine if planning is effective to support service delivery, including arrangements to develop viable and sustainable financial plans.
- **Financial Management:** Considers the effectiveness of financial management arrangements, including the adequacy of financial capacity and resources, sound budgetary processes and whether the control environment and internal controls are operating effectively.
- **Governance and Transparency:** Considers the effectiveness of governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.
- **Value for Money:** Considers whether best value can be demonstrated in the use of resources, and that there is a clear focus on improvement.

The scope of our audit was significantly extended as a result of the identification of additional risks at the College.



# Financial Management

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The College has experienced significant turnover within the finance team over a period of 18 months. In December 2018, the previous Chief Operating Officer left the College. These factors have had a significant impact on the capacity and capability of the finance team and the College's ability to provide the Board with the strategic financial planning support that it needs. During the year, Board members highlighted that key financial reports provided late or verbally undermined their ability to fully discharge their responsibilities.

In our view, there is significant scope to improve the quality of financial reporting by providing focused analysis on significant budget movements, the impact of key strategies and the forecast outturn position. Our work has identified ongoing weaknesses in internal controls, including lack of effective management review. The College did not fully participate in the NFI exercise within the timetable set by Audit Scotland and NFI is not yet embedded within the College's Fraud Policy and Response Plan.

## Finance Team

**Recommendation 5:**  
The College must review the capacity and capability within the Finance Team to ensure that skills gaps are addressed.

The Board needs to urgently ensure that there are appropriate arrangements established to provide strategic financial leadership.

The College has experienced significant turnover within the finance team over a period of 18 months. In December 2018, the Chief Operating Officer (COO) left the College. College management elected to take the opportunity to release savings and enhance academic representation on the SMT, rather than replacing the position. Throughout the audit, we found that organisational knowledge has been significantly impacted by the departure of long-serving team members. In our view, the College's capacity to provide the Board with strategic financial planning has also been impacted by the loss of the COO role.

We have been unable to find evidence that the Board considered options for the finance team structure, but a paper to the Remuneration Committee in September 2019 refers to a number of alterations that were made to the responsibilities of the remaining Senior Management Team (SMT) members when the role of COO was removed from the structure in December 2018. We would expect a decision of this significance to be considered by the Board. We have also noted that none of the current members of the SMT has a financial background.

The College's Head of Finance resigned in October 2019, shortly before the commencement of our final audit fieldwork. During the year, the Financial Accountant role was performed by a number of interim appointments, before the role was filled permanently in November 2019. We consider that the Finance Team overall has had insufficient knowledge and experience, particularly in financial accounting, since December 2018.

## Financial Reporting

**Recommendation 6:**  
Financial reporting must be significantly improved to support Board member scrutiny.

Financial updates were presented at each meeting of the Finance and General Purposes (F&GP) Committee. As we outline in Exhibit 3, financial reporting was inconsistent, late and often verbal.

The 2019/20 budget was not formally considered by the Board or F&GP Committee until the financial year had commenced. Similarly, the Financial Forecast Return was not formally approved until after it had been submitted to the SFC.

**Exhibit 3: Financial Reporting to Committees did not adequately support Board member scrutiny**

Committee	Papers Due	Late	Verbal	Commentary
February 2019 F&GP Committee	Management accounts: 6 months to 31 January 2019			Received 5 months to 31 December 2018
	Group Forecast			
May 2019 F&GP Committee	Management Accounts: 9 months to 30 April 2019			
	Group Forecast			
	2019/20 Indicative Budget			No papers provided. Action to present to June Board meeting
June 2019 Board of Management	2019/20 Indicative Budget			Paper removed from agenda. Verbal update provided. Chair asked for a note to be circulated from the Principal.
Sept 2019 F&GP Committee	Management accounts to 31 July			We understand an outline paper was tabled at the meeting
	2019/20 budget proposals			
	Financial Forecast Return to SFC			Due to be submitted to the SFC 30 September 2019
Oct 2019 Board of Management	2019/20 Budget			Considered by Board 4 months into the financial year
	Financial Forecast Return			Approved after submission to the SFC

Source: Perth College Committee Papers 2019

Board members increasingly highlighted their frustration at the lateness of papers and noted that this impacted their ability to effectively and adequately scrutinise financial performance. Additional updates were requested from the Principal during 2018/19, and the Board has disclosed this as a significant concern within the Governance Statement.

We have reviewed financial updates presented during the year and, where possible, evaluated the quality of content provided. We note that the management accounts changed format during the year to provide additional detail. This level of detail may obscure key messages about the overall financial health of the College. There is significant scope to improve the quality of financial reporting by providing focused analysis on significant budget movements, and the forecast outturn position.

Verbal and late papers to governance committees mean that Board members are given insufficient opportunity to perform their role effectively. The lack of timeliness of papers meant that insufficient scrutiny was given to the FFR prior to submission to the SFC. The Board was forced to seek additional information from the Principal outwith the Board cycle to provide assurance on the 2019/20 budget.

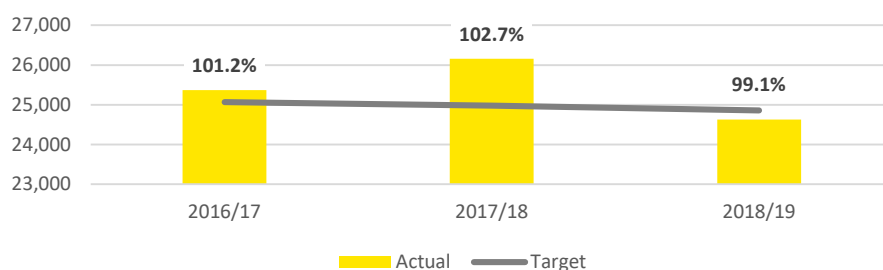
## Financial Performance

The College reported a consolidated deficit of £0.243 million for the year (2017/18: £1.45 million deficit). Following an actuarial loss of £1.7 million (2017/18: actuarial gains of £7.1 million), the College reported total comprehensive expenditure of £1.9 million (2017/18: £5.6 million income).

The College had an adjusted operating surplus after removal of non-cash accounting adjustments (relating to pension and capital accounting adjustments) of £1.27 million (2017/18: surplus of £1,000).

As Exhibit 4 demonstrates, in 2018/19 the College did not achieve the full allocation of credit targets. An activity target of 24,855 credits was allocated to the College from the SFC. The College achieved all of its core targets, but only 972 of the 1,200 European funding target.

**Exhibit 4: The College did not achieve all of its credit targets in 2018/19**



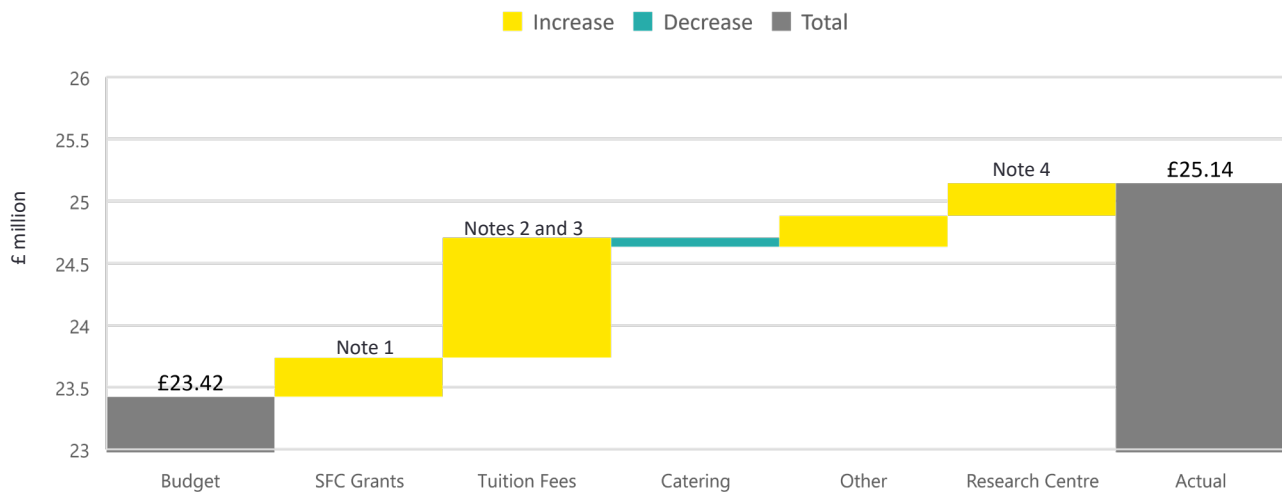
Source: Scottish Funding Council

## Financial Monitoring

The College's 2018/19 budget was approved in September 2018 by the Finance and General Purposes (F&GP) Committee. The College budgeted a group deficit of £127,000 prior to accounting for FRS 102 pension adjustments. The Head of Finance indicated that the actual position was broadly in line with budget within the financial monitoring reports until the final, tabled, management accounts paper in September 2019. This indicated that the College would achieve an underlying surplus of £491,000.

Exhibit 5, highlights that the key reason for the improved projection related to increased income. Income in 2018/19 was £1.7 million higher than budget, partly as a result of the release of deferred income as a result of previous weaknesses in record keeping and communication across the College.

**Exhibit 5: The College’s income was significantly higher than budgeted within financial monitoring reports**



**Notes:**

1. SFC Grants increased primarily as a result of additional income related to curriculum development.
2. Income relating to LUPs European Social Fund exceeded management expectations. As a result of the likelihood of missing the target, no account was taken for LUPS income within the budget. Income of £272,000 was confirmed by UHI in December 2019. The potential volatility of this funding was noted by the F&GP Committee in March 2018, and an action was agreed to report the income separately within Financial Monitoring reports. This was not evident during 2018/19.
3. The Tuition fees and Education Contracts balance includes the release of 2017/18 deferred income relating to Foundation Apprenticeships (referred in Appendix F), totalling £223,398.
4. The release of research income grant relating to Mountain Studies was not fully budgeted, leading to an increase in income of £388,000.

Source: Perth College Management Accounts and External Audit 2018/19

**Systems of internal control**

The Board of Management is responsible for ensuring that an effective system of internal control is in place. Throughout our audit of the financial statements, we have tested the design and implementation of key controls related to areas of significant risk to the financial statements. This work has included documenting the key internal financial controls and performing walkthroughs to ensure controls are operating as designed. Our work has identified ongoing weaknesses in internal controls, including:

- Reliance on paper based systems, which led to problems in relation to the retention of financial records.
- Lack of segregation of duties, including inadequate review of journal entries and lack of purchase orders.
- Financial systems that have not been kept up to date, including the payroll system, or are not fit for purpose, such as the fixed asset register.
- Significant delay in the transition to the Government Banking Service leading to the maintenance of unnecessary bank accounts.

**Recommendation 7:**  
The College must improve key financial controls to ensure that the weaknesses identified are addressed at pace.

**Recommendation 8:**  
The College should ensure that the Fraud Response Plan is updated to reflect the investigation of matches identified through the NFI exercise.

### **National Fraud Initiative (NFI)**

NFI is a counter-fraud exercise co-ordinated by Audit Scotland and overseen by the Cabinet Office to identify fraud and error. The NFI exercise produces data matches by comparing a range of information held on public bodies' systems to identify potential fraud or error.

The College was asked to conduct a self assessment by the end of February 2019 to allow us to report on our assessment of the College's participation in the exercise to Audit Scotland in June 2019. The self assessment was not conducted and no testing was conducted on the matches identified until after Audit Scotland had written to the College on two occasions. We therefore concluded that the College has not fully participated in the NFI exercise within the timescales set by Audit Scotland and that it is not yet embedded within the College's Fraud Policy and Response Plan.

We do, however, note that the College has subsequently reviewed each of the matches highlighted during the NFI exercise, and as a result has concluded that there are no anomalies which require further investigation.

# Financial Sustainability

The College submitted its Financial Forecast Return to the Scottish Funding Council in September 2019. The Board received insufficient time or support to be able to challenge key assumptions effectively. The FFR has not been subject to the level of scenario planning we would expect. In our view, the FFR does not present a robust medium term financial plan and cannot, therefore provide adequate assurance to the Regional Strategic Body or the Scottish Funding Council that financial risks are being managed effectively.

The College has established ambitious plans to diversify income within the draft Business Development and International strategies. While these strategies are work in progress, financial monitoring reports provide insufficient detail at this stage to allow the Board to track the delivery of key strategies. All strategies of this nature present a risk that income will not be delivered as planned. The College must therefore ensure that financial monitoring reports are robust and aligned to the delivery of strategic plans.

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## The context for financial sustainability in the College sector

In June 2019, Audit Scotland published their annual report on the further education sector, *Scotland's Colleges 2019*. The report provides an overview of college finances based on the latest annual financial statements and financial forecast returns. The sector reported an improved, but marginal underlying surplus in 2017/18 but the report notes a widening gap between college's income and expenditure. Twelve incorporated colleges forecast recurring financial deficits by 2022/23.

Scottish Government revenue funding to the sector has increased year on year since 2016/17 in real terms, but this increase has solely related to funding the costs of harmonising staff terms and conditions. This means that there has been limited additional funding for cost pressures such as cost of living increases, increases in employer pension contributions and inflationary cost increases.

Reduced capital funding poses a risk to some colleges' ability to continue to deliver their core services in a safe environment and to invest in new technologies to generate efficiencies and enhance the student experience.

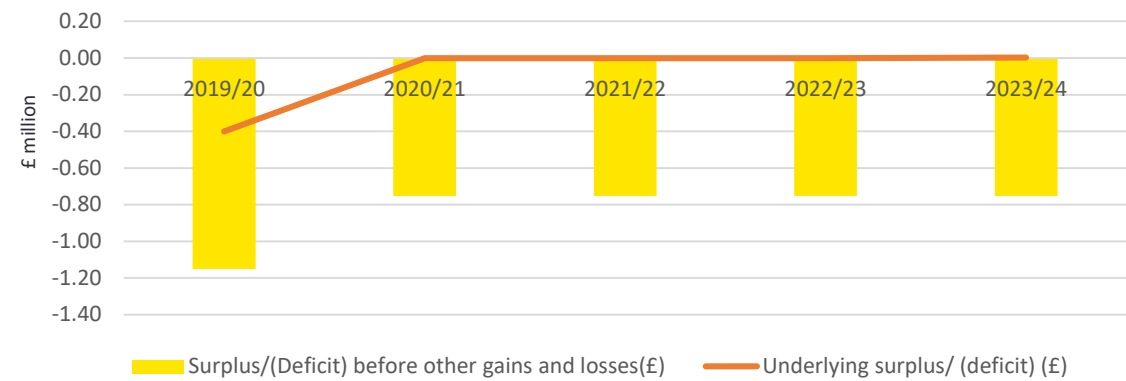
## Medium term financial strategy and plan

The College prepared five-year financial forecasts for the period 2019 to 2024 and submitted these to the SFC in the form of the template Financial Forecast Return ('FFR') in September 2019. The forecast was based on assumptions provided by the SFC in addition to College specific assumptions for areas such as the impact of EU withdrawal and other income. The assumptions were subject to review by the College's senior management team in late September 2019 and the Finance & General Purposes Committee considered a tabled update from the Head of Finance on 23 September 2019.

The Board of Management was presented with the FFR in October 2019, following submission to the SFC.

**Recommendation 9:**  
The Financial Forecast Return should be presented in sufficient time to ensure that the Board has an opportunity to influence key assumptions prior to submission.

Exhibit 6: The College’s FFR has been developed to forecast a balanced underlying position from 2020/21.



Source: Perth College Financial Forecast Return, September 2019

### Financial Planning

The Scottish Funding Council issued guidance on the assumptions and information required from Colleges in June 2019. The guidance is developed in conjunction with sector representatives to provide information on key assumptions to be applied to ensure that the SFC can understand the financial health and projections of the sector as a whole. We note within Exhibit 6, above, that projections within the College’s FFR for staff costs have been reduced to reflect the savings required to return a balanced position, rather than as a result of an effective workforce plan. While a staffing model is in development, more work is needed to ensure that a workforce plan is in place that is driven by curriculum and development need. We note that consultation is underway to develop a targeted voluntary severance plan.

There are a number of significant developments underway over the period of the FFR. The College has ambitious plans in place within the Business Development Strategy and International Strategy to increase income, particularly from non-EU countries such as China, Japan and Kuwait. As a result, the FFR projects that other income will rise from £4.4 million in 2018/19 to £7.1 million. The College has also outlined plans to develop an aviation centre as part of the Tay Cities Deal.

All income generation strategies present a risk that they will not be delivered as planned, which may place additional pressure on the College’s financial position. The International Strategy has principally been developed on the basis of the growth of students alongside new programmes with existing international partners. The College’s international income forecast for 2019/20 is £0.876 million, 98.9% of the target set within the strategy, although the full impact of coronavirus is not yet clear.

There are, therefore, a number of significant variables that are outwith the College’s control. The FFR has not been supported by the level of scenario planning that we would expect to see to allow effective scrutiny and challenge by the Board. While strong steps have been taken to diversify income, and to reduce the College’s staff costs, in our view, the FFR does not present a robust medium term financial plan and cannot, therefore provide adequate assurance to the RSB or SFC that financial risks are being managed effectively.

**Recommendation 10:**  
The College urgently needs to develop effective medium term financial planning. This should be supported by scenario planning and ongoing monitoring.

### Key risks and uncertainties

The College has identified the 6 most significant risks that may impact the delivery of the FFR (Exhibit 7 below).

#### Exhibit 7: The College has identified 6 key risks that pose a risk to the College's ability to achieve the FFR and thus impacting their ability to be sustainable in the medium term

Risk title	Description	Risk mitigating actions
Brexit	Perth College Senior Management Team (SMT) recognise the potentially material impact of the ongoing Brexit process to student numbers, EU based funding streams and consequently, the future financial sustainability of the College. SMT make specific note of the time bound guarantee by the SFC for EU Student Tuition Fees ending after 2020/21.	<b>International Delivery Strategy</b> <ul style="list-style-type: none"> <li>The second phase in 2019/20 sets stretch income targets for International income of £900k to be delivered by increases in established International partnerships in China and Japan.</li> <li>Phase 3 will commence in 2022. Countries identified as target emerging markets include Vietnam, Malaysia and Thailand.</li> </ul>
UHI Academic Partners' reliance on SFC core funding	Funding dependency is a material risk to the financial sustainability of the College. This reliance is further exacerbated by 95% of the student body being made up of home domiciled students.	<ul style="list-style-type: none"> <li>Business Development to focus on supporting the region in growth Industries such as Health &amp; Social Care and Construction and capitalise on already strong partnerships in Flexible Workforce Development, Foundation/Modern/Graduate Apprenticeship and wider Industry.</li> </ul>
Non-achievement of student number targets	As with all other Scottish Colleges, the College recognise the impact of the Widening Access Agenda on student recruitment numbers.	<ul style="list-style-type: none"> <li>Develop existing relationships with regional feeder institutions including Schools and local businesses.</li> <li>Full curriculum review to review, realign and optimise our academic delivery.</li> <li>Active participation in the UHI partnership model, with the objective of Partnership Sustainability.</li> </ul>
Estate condition and digital estate	The findings of the Backlog Maintenance Report carried out during 2017/18 demonstrates the immediate requirement of significant financial investment in the campus.	<ul style="list-style-type: none"> <li>Capital Funding to optimise value for money in all Estates works.</li> <li>Development of Digital Estate Strategy.</li> <li>Tay Cities Deal project for the creation of a purpose built Aviation Academy on the College Estate.</li> </ul>
Non-funded cost of living impacts	The financial impact of non funded National Bargaining Funding.	Strategic review of internal structures, full curriculum review and reassessment of all academic delivery approaches. It is planned to carry forward a small surplus from 2018/19 for the purposes of implementing a longer term financial sustainability plan through the creation of a re-aligned College structure.

Source: Perth College FFR September 2019



# Governance and Transparency

While the College has a number of key features of good governance in place, there is a risk that Board members are not provided with enough support or information to fully discharge their responsibilities. The Board did not consider financial monitoring reports or the risk register during the year. We also noted a number of significant decisions, including the structure of the Senior Management Team and the use of settlement agreements, were not, in our view, subject to adequate scrutiny.

Management's assessment of compliance with the Code of Good Governance identified two areas of non-compliance. The College also disclosed a number of other significant control weaknesses within the Governance Statement, including the failure to produce and finalise financial statements by the deadline set within the Accounts Direction. We also note that the College's internal auditors have drawn attention to limited progress made to date in implementing internal audit recommendations.

## Governance arrangements

The College has taken steps to improve governance arrangements. A review of Board effectiveness was undertaken in February 2019, which was supported by the College's internal auditors. The College also considered and reported on a self assessment against the quality framework *"How Good is Your College?"* in the Evaluation Report and Enhancement Plan for 2019-21. A number of the key requirements for good governance are in place, including :

- All Board and committee papers and minutes are available on the College's website to promote openness and transparency;
- The Chair has conducted an evaluation of the performance of individual members on a one to one basis;
- The Board has approved detailed terms of reference for its standing committees which are subject to regular review.

However, during our audit work we noted a number of instances where reporting to the Board was ineffective and may not support Board members' specific responsibilities as charitable trustees. Examples include:

- Key decisions on the structure of the Senior Management Team, including the use of settlement agreements, was not reported to the Board.
- In some instances, papers presented to the Board were not clear about the decisions that members were being asked to make and the minutes did not fully reflect the level of discussion.
- The 2018/19 budget was approved by the Finance and General Purposes Committee in September 2018. The Board did not consider budget papers, but noted the minutes of the relevant committee. The 2019/20 Budget was approved in October 2019, following the start of the financial year.
- The Board did not receive the risk register or financial monitoring updates in 2018/19.

**Recommendation 11:**  
We understand that the College will receive an external evaluation of its governance arrangements by December 2020. This review should consider the quality of reporting, and be informed by the specific responsibilities of charitable trustees.

The College has disclosed a number of weaknesses within the Governance Statement.

### Annual Governance Statement

We reviewed the Governance Statement within the financial statements against the requirements outlined in the SFC's 2018/19 Accounts Direction. This includes the requirements to conclude on the College's compliance with the 2016 Code of Good Governance for Scotland's Colleges, or to explain any areas of non-compliance. Our consideration of the governance statement has included:

- Ensuring that the College has met all requirements of the SFC's 2018/19 Accounts Direction
- Ensuring that the content of the statement is consistent with our understanding of the College's governance arrangements and any issues identified during the year
- Ensuring that the College has performed a self assessment of compliance with the Code of Good Governance for Scotland's Colleges and that this assessment is reflected.

As a result of this review, the College used the Governance Statement to make a number of disclosures about weaknesses identified during the year, including:

- Procurement weaknesses, including the lack of purchase orders and failures to comply with procurement rules (refer to Page 34);
- The failure to seek approval for settlement agreements, in line with the requirements of the Financial Memorandum;
- Payroll weaknesses identified by management and investigated by the College's internal auditors;
- Failure to comply with the Board's equality duties, including publication of the equality outcome and mainstreaming report by April 2019;
- Failure to produce financial statements in line with the deadline set within the 2018/19 Accounts Direction.

#### Recommendation 12:

The College should review the quality of the Governance Statement against good practice guidance to ensure that it meets users needs.

Management's assessment of compliance with the Code of Good Governance noted two areas of non-compliance in 2018/19, which have also been disclosed within the governance statement.

The Accounts Direction 2018/19 drew attention to the *Good Practice Note on Improving the Quality of College Annual Report and Accounts – Governance Statements*, which was published by Audit Scotland in May 2019. There was no evidence of review against the good practice note to improve and streamline the Governance Statements. As a result, in our view, the Statement does not focus on how governance arrangements effectively manage risk to support the College's Corporate Strategy.

### **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 2018/19. Internal audit's opinion for the year was based on its agreed audit plan for 2018/19, as amended and approved by the Audit Committee. For 2018/19 the annual statement of assurance notes that in Internal Audit's opinion, the College has adequate and effective arrangements for risk management, control and governance, with the exception of three significant issues identified during the year:

The HR and Payroll Systems, issued in September 2019, identified a significant number of issues regarding payroll transactions, with some staff being underpaid and others being overpaid. There were a range of weaknesses in existing processes including user access permissions, weaknesses that could allow HR and Payroll staff to generate unauthorised payments, and payroll variance reports and monthly payroll checklists were not always held on file or were not signed as evidence of formal review.

Testing on national insurance contributions examined payments over the three preceding financial years highlighted an underpayment of contributions. A voluntary disclosure has subsequently been made to HMRC and provision has been made within the financial statements for management's estimate of the financial impact.

Internal audit also noted that the College has made limited progress in implementing internal audit recommendations. Internal audit noted that only four of the 19 recommendations that were due to be implemented have been assessed as fully complete.

### **Risk management**

The College has an established Strategic Risk Management process. 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. The Senior Management Team regularly considers and updates the College's risk register.

Throughout 2018/19, the key strategic risks were reported to and monitored by the Audit Committee at each of their meetings. We do, however, consider that the Board should formally review the risk register as part of its overall assessment of progress against the Strategic Plan and that further work is required to embed risk management across the College.

While risks remain for all public sector bodies, we are satisfied that the College's arrangements to prepare for EU withdrawal are appropriate and informed by wider sector involvement.

## EU withdrawal

As in 2017/18, Audit Scotland has maintained an interest in public bodies' preparedness for EU withdrawal. We assessed the College's arrangements against three key factors, relating to the workforce, funding and regulations.

The College's response and preparations for Brexit have been led by the SMT. Brexit is a key risk within the College's risk register and has been subject to regular updates throughout the year. The Plan draws on external guidance including publications from the Scottish Funding Council. The College has undertaken a range of actions, including:

- identifying individuals that may be directly impacted, including staff and students both currently enrolled in courses and applicants for next year;
- evaluation of the expected financial impact, including European Social Funding and tuition fees; and
- development of the Business Development Strategy and International Strategy to diversify income in the future.

## Correspondence received from Audit Scotland

During the course of the audit, we were advised of correspondence that Audit Scotland had received as part of their arrangements to allow members of the public to raise issues of concern. The correspondence was highlighted a number of areas of concern in relation to financial management and governance weaknesses. The Scottish Funding Council was also made aware of the allegations, and requested that the UHI Head of Internal Audit lead an investigation of the allegations. While not formally relying on the work of internal audit, we have liaised to ensure that we have not unnecessarily duplicated findings and recommendations.

We considered the implications of the UHI Head of Internal Audit report. We will follow up the status of improvement actions along with the recommendations outlined in Appendix D as part of our 2019/20 audit. We have agreed with the College that a formal follow up will be undertaken in May 2020 to inform reporting on progress to the Board and committees.

## 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. At present, national reports are reviewed by management and the impact on the College is considered. These will be presented to the Board or relevant committee where necessary. The Board should consider ensuring that key national reports are shared with Board members as a matter of course.

# Value for Money

The College has reviewed the effectiveness of balanced scorecard reporting during 2018/19, but the current scorecard does not provide metrics for key indicators. The Board received only an interim performance report for 2018/19; 40% of targets that can be measured have not been achieved.

Significant procurement weaknesses were identified and disclosed within the College’s governance statement.

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### Strategic Plan 2019-21

The College’s Strategic Plan 2019-21 was published in June 2016. Performance has been reviewed against the four strategic objectives within a balanced scorecard covering:

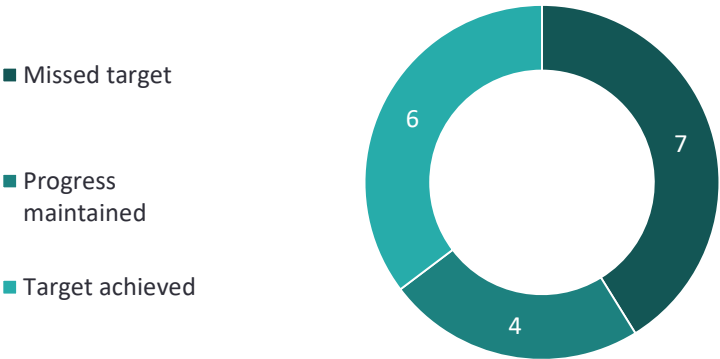
- Students and staff achieving their potential;
- Sustainability;
- Student activity measures; and
- Student Satisfaction

**Recommendation 13:**  
Performance reporting should be reviewed to ensure that it is timely and provides sufficient information to allow robust scrutiny.

Throughout 2018/19, the College reviewed the format of the Balanced Scorecard, which included consultation with relevant committees. However, the College has not yet fully reported on performance for 2018/19 against priorities. An interim progress report was presented to the Board in December 2019. This included information gaps, particularly against Student Activity Measures.

Exhibit 8 highlights that the College missed the target for over 40% of the measures for which data is available.

**Exhibit 8: College missed the target set for over 40% of the key performance indicators reported to date in 2018/19**



Source: Perth College Balanced Scorecard Interim Report, December 2019

**Recommendation 14:**  
The College must ensure that procurement weaknesses are addressed as a matter of urgency.

### KPI reporting

We reviewed the College's approach to public reporting and note that the College has a dedicated area of the website for Performance Indicators and External Review. The College has published the results for 2018/19, with its commentary in January 2020. However, we noted that reporting was limited to the indicators adopted and published by the SFC, rather than the wider performance measures that the College has assessed as key to delivering the Strategic Plan.

### Procurement arrangements

During 2018/19, College management identified a number of areas of potential procurement weaknesses. To allow the College to understand the issues, the Head of Supply Chain for the UHI Partnership completed an audit of the College's systems, processes and procedures and found areas of non-compliance for improvement.

The College has seconded a Procurement Manager from APUC to support improvements, but during the audit we identified a number of areas of weaknesses including:

- The catering contract has significantly evolved since the last formal tendering exercise in 2004. The College has worked in collaboration with the contractor to enhance the student experience, attainment and achievement rates by providing a real-life training environment for hospitality students. The project is unique in the sector and has been extended year on year to allow the collaborative model to develop and mature. The College has now taken steps to define the critical requirements within the partnership and the full catering contract, including the aspects associated with the student experience project, will be subject to public tender in March 2020.
- A non-competitive quote was used to procure building works with a value of £98,265 without justification or approval of the Regional Strategic Body. We do, however, understand that College management had earmarked this project to be funded through the use of a capital receipt that had not drawn upon public funds.
- For the vast majority of purchases subject to audit (over 80%), no purchase orders were completed.

The College has identified a number of improvement actions, including the development of a contracts register to identify contracts that are due for retender and the revision and update of the Procurement Strategy.

As part of the improvements made to the financial statements, the College also disclosed the weaknesses within the 2018/19 Governance Statement.



## Appendices

A – Code of Audit Practice: responsibilities

B – Independence and audit quality

C – Required communications with the Audit and Risk Committee

D – Action plan

E – Follow up of prior year recommendations

F – Adjusted errors identified during the audit

G – Timing and deliverables of the audit



# Appendix A: Code of Audit Practice Responsibilities

## Audited Body's Responsibilities

Corporate Governance	<p>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.</p>
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	<p>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.</p>
Standards of conduct / prevention and detection of fraud and error	<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	<p>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.</p>



# Appendix 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.

Matters that we are required to communicate	<p>The FRC Ethical Standard requires that we provide details of all relationships between Ernst &amp; 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.</p> <p>There are no relationships from 1 August 2018 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.</p>
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Confirmations	<p>We confirm that there are no changes in our assessment of independence since our confirmation in our Annual Audit Plan, dated 14 May 2019.</p> <p>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.</p> <p>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.</p>
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Audit Fees	As we outline within Exhibit 1 to this report, the scope and level of testing required to finalise our opinion on the financial statements has been substantially increased. We have signalled to management that there will be a significant level of fee variation to reflect the scale of work required.		
	We will discuss the level of fee variation with Audit Scotland, along with the Principal and Vice Principal – External Engagement and report our final fee to a future meeting of the Audit Committee.		
		2018/19	2017/18
	Component of fee:		
	Total agreed auditor remuneration	£18,280	£14,930
	Fee variation	£TBD	-
	Audit Scotland fixed charges:		
	Pooled costs	£880	£960
	Audit support costs	£930	£830
	Total fee	£TBD	£16,720

Matters that we are required to communicate

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 2019 UK Transparency Report, can be accessed on our website at [https://www.ey.com/Publication/vwLUAssets/ey-uk-2019-transparency-report/\\$FILE/ey-uk-2019-transparency-report.pdf](https://www.ey.com/Publication/vwLUAssets/ey-uk-2019-transparency-report/$FILE/ey-uk-2019-transparency-report.pdf). The report explains 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 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 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).

# Appendix C: Required Communications

Required communication	Our reporting to you
<b>Terms of engagement / Our responsibilities</b> <p>Confirmation by the Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.</p> <p>Our responsibilities are as set out in our engagement letter.</p>	<p>Audit Scotland Terms of Appointment letter – audit to be undertaken in accordance with the Code of Audit Practice</p>
<b>Planning and audit approach</b> <p>Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.</p>	<p>Annual Audit Plan</p>
<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>	<p>Annual Audit Plan</p> <p>Annual Audit Report</p>
<b>Going concern</b> <p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <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>	<p>Annual Audit Report</p>
<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>	<p>Annual Audit Report</p>
<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 entity</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</li> </ul>	<p>Annual Audit Report</p>
<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>	<p>Annual Audit Report (to be issued on completion of audit work) or as occurring if material.</p>

Required communication	Our reporting to you
<p><b>Related parties</b></p> <p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <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 entity</li> </ul>	<p>No significant matters have been identified.</p>
<p><b>Independence</b></p> <p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <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>	<p>Annual Audit Plan</p> <p>This Annual Audit Report – Appendix B</p>
<p><b>Internal controls</b></p> <p>Significant deficiencies in internal controls identified during the audit</p>	<p>This Annual Audit Report – no significant deficiencies reported</p>
<p><b>Group audits</b></p> <ul style="list-style-type: none"> <li>• An overview of the type of work to be performed on the financial information of the components</li> <li>• An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components</li> <li>• Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work</li> <li>• Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted</li> <li>• Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements</li> </ul>	<p>Annual Audit Plan</p> <p>This Annual Audit Report</p>
<p><b>Subsequent events</b></p> <p>Where appropriate, asking the audit committee whether any subsequent events have occurred that might affect the financial statements.</p>	<p>We have asked management and those charged with governance. We have no matters to report.</p>
<p><b>Material inconsistencies</b></p> <p>Material inconsistencies or misstatements of fact identified in other information which management has refused to revise</p>	<p>This Annual Audit Report</p>

# Appendix D: Action Plan

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	The College was unable to produce compliant financial statements within the deadline agreed as part of the planning process, or within the SFC's 2018/19 Account Direction requirements. The draft financial statements were subject to a significant level of error and omission.	Significant improvements are required to the financial closedown procedures and preparation of the financial statements to ensure timely and accurate completion of financial statements.  <i>Grade 1</i>	The SMT acknowledges delays with compliant financial statements due to staff changes resulting in insufficient capacity and capability within the Finance Team together with the use of manual procedures.  <b>Actions</b>  1. Review Structure of Finance Team including the appointment of a Financial Director on SMT: <b>Complete</b>  2. Transition existing manual financial processes to electronic, Stage 1 complete use of POs: <b>July 2020</b>  3. Improve the efficiency of year end workings to allow quicker production of primary statement and notes: <b>August 2020</b>  4. Develop a revised approach and timetable for the production of financial statements and year end processes: <b>July 2020</b>  <b>Responsible officer: VP/ HoF</b> <b>Implementation date: August 2020</b>

### Key:

**SMT – Senior Management Team**

**VP – Vice Principal**

**HoF – Head of Finance**

**HoHR&OD – Head of Human Resources and Organisational Development**

**HoEst – Head of Estates**

No.	Findings and / or risk	Recommendation / grading	Management response / Implementation timeframe
2	Audit testing identified a significant level of error, particularly within accruals testing. We would not normally expect to find the level of error where effective management review processes are in place.	<p>The finance team must ensure that quality assurance and review processes are in place throughout the year to reduce the risk of fraud or error.</p> <p><i>Grade 1</i></p>	<p>A significant level of staff turnover within the Finance team has resulted in loss of institutional knowledge and continuity and consistency of service.</p> <p>Many of these errors related to previous financial years resulting in increased delays in the completion of the 2018/19 audit and impacted the final Adjusted Operating Position.</p> <p>SMT, the College Chair and subsequently the wider Board were aware of ongoing capacity issues within the Finance Team and all had expressed frustrations at the impact this had on late papers and the availability of information on which to base decisions. This continues to be addressed by SMT.</p> <p>Permanent appointments of vacant roles were made to ensure temporary appointments and staff turnover was no longer an issue. With the resignation of the previous Head of Finance, an interim appointment has been made pending the appointment of a Financial Director. The team is now more stable and will continue to be supported and developed to ensure outstanding issues are addressed effectively.</p> <p><b>Action</b> Implement quality control and review processes across all transactions.</p> <p><b>Responsible officer: VP/HoF</b> <b>Implementation date: September 2020</b></p>

No.	Findings and / or risk	Recommendation / grading	Management response / Implementation timeframe
3	As part of the additional work we were asked to perform on deferred income, we noted that management records and communication across College departments were ineffective. There is therefore a risk that income is not reflected accurately within financial statements.	<p>The Finance Team should review the processes in place to record and track all sources of income.</p> <p style="text-align: right;"><i>Grade 1</i></p>	<p>The deferred income issue was raised with our External Auditors in March 2019 and was reported to Audit, FGPC, Chairs Committees and the Board, as well as to SFC in February 2019. Regular updates were provided as the situation developed.</p> <p>Discussions concluded with External Audit in August 2019 when it was confirmed that income could be appropriately released into 2018/19 with a non-material amount of deferred income relating to previous financial years.</p> <p><b>Actions</b></p> <p>An improved budgeting and contract management process to record and monitor performance milestones is underway.</p> <p>Improved communication between Finance and College teams to plan and monitor income and expenditure.</p> <p><b>Responsible officer: VP/ HoF</b>  <b>Implementation date: June 2020</b></p>

No.	Findings and / or risk	Recommendation / grading	Management response / Implementation timeframe
4	The revised SORP will be effective for financial periods beginning on or after 1 January 2019 and therefore will be applied by the College within their 2019/20 financial statements.	The College should conduct an impact assessment on the implementation of the revised SORP.  <i>Grade 3</i>	Complete impact assessment on implementation of revised SORP  <b>Responsible officer: HoF</b> <b>Implementation date: July 2020</b>
5	We consider that the Finance Team overall has had insufficient knowledge and experience, particularly in financial accounting, since December 2018.  We also note that there were a number of historical issues with financial systems and approaches that College appointments within Finance were unable to address.	The College must review the capacity and capability within the finance team to ensure that skills gaps are addressed.  The Board needs to urgently ensure that there are appropriate arrangements established to provide strategic financial leadership.  <i>Grade 1</i>	The structure and resourcing of the Finance Team has been a ongoing focus of SMT with additional resources being invested during 2018/19 provided to increase the capacity and broaden the experience in the department. All positions are now filled permanently with the exception of the Interim Head of Finance who was appointed on a fixed term contract to May 2020, pending a revised structure.  <b>Actions</b>  Structure review of Finance: <b>Complete</b>  SMT recommendation for the appointment of a Director of Finance considered by the Remuneration Committee: <b>Complete and approved</b>  Implement a CPD plan across the Finance Team: <b>December 2020</b>  <b>Responsible officer: Principal/ HoF</b> <b>Implementation date: December 2020</b>



No.	Findings and / or risk	Recommendation / grading	Management response / Implementation timeframe
6	We noted that key financial reports to the Board and committees were provided late, tabled on the day or replaced by verbal updates. In our view this is unacceptable and undermines the Board's ability to monitor financial performance.	Financial reporting must be significantly improved to support Board member scrutiny.  <i>Grade 1</i>	<p>The Finance Team capacity issues reflected above have been an ongoing focus by SMT with the support of the Board. Actions already taken have addressed the continuity issues within the team and to enable fully compliant Board financial monitoring.</p> <p><b>Action</b></p> <p>Ensure robust financial reports are provided ahead of Committee and Board meetings: <b>February 2020</b></p> <p>In consultation with the Board, Committees and budget holders work towards an information pack to manage the business: <b>December 2020</b></p> <p><b>Responsible officer: Principal/VP</b></p> <p><b>Implementation date: December 2020</b></p>

No.	Findings and / or risk	Recommendation / grading	Management response / Implementation timeframe
7	<p>Our work has identified ongoing weaknesses in internal controls, including:</p> <ul style="list-style-type: none"> <li>Reliance on paper based systems, which led to problems in relation to the retention of financial records.</li> <li>Lack of segregation of duties, including inadequate review of journal entries and lack of purchase orders.</li> <li>Financial systems that have not been kept up to date, including the payroll system, or are not fit for purpose, such as the fixed asset register.</li> <li>Significant delay in the transition to the Government Banking Service leading to the maintenance of unnecessary bank accounts.</li> </ul>	<p>The College must improve key financial controls to ensure that the weaknesses identified are addressed at pace.</p> <p><i>Grade 1</i></p>	<p>The reliance on paper based systems is recognised as a key contributor to weaknesses in our internal controls. This has caused particular issues in relation to our payroll. This was identified by SMT who added this to the risk register and commissioned internal audit work to quantify the extent of the issue.</p> <p>Steps already taken include</p> <ul style="list-style-type: none"> <li>Internal Audit Action Plan commissioned and partially actioned</li> <li>Affected staff informed of issue and steps being taken to rectify and recompense</li> <li>Amended the payroll system user access rights to ensure that that these are appropriate for user roles and remove all generic users from the payroll system</li> <li>Strengthened controls around variations to staff salaries on the payroll system to reduce the opportunity for unauthorised entries to be added to the tracker and inadvertently processed</li> <li>Introduced mechanisms to ensure that payroll checklists are always completed and held on file and that these checklists are always checked and signed off by someone independent of the payroll team prior to processing of the payroll.</li> <li>Internal Audit commissioned to conduct evaluation of pensions and tax payments</li> <li>Voluntary HMRC Disclosure made</li> </ul> <p><b>Future Actions</b></p> <ol style="list-style-type: none"> <li>Develop transition plan towards electronic systems. Work underway towards consistent use of Purchase Orders: <b>September 2020</b></li> <li>Introduce quality monitoring of journal entries: <b>February 2020</b></li> <li>Complete bank transition: <b>March 2020</b></li> <li>Investment in a managed service for Ciphre: <b>Underway</b></li> <li>Implement Fixed Asset Register: <b>July 2020</b></li> </ol> <p><b>Responsible Officers: VP, HoF, HoHR&amp;OD, HoEst</b></p> <p><b>Implementation date: September 2020</b></p>

No.	Findings and / or risk	Recommendation / grading	Management response / Implementation timeframe
8	The College did not participate with the NFI exercise until December 2019. We also note that the Fraud Response Plan does not refer to the exercise, or the need to resource or investigate the follow up of matches.	<p>The College should ensure that the Fraud Response Plan is updated to reflect the investigation of matches identified through the NFI exercise.</p> <p><i>Grade 2</i></p>	<p>The previous Head of Finance had engaged with NFI but had not fully completed the testing of the matches within the specified deadlines.</p> <p>Once SMT became aware of this in December 2019, action was taken immediately to register key staff and to investigate the matches.</p> <p><b>Action</b> Update Fraud Response Plan to reflect the investigation of matches identified through NFI: <b>June 2020</b></p> <p>Self assessment form agreed and launched: <b>May 2020</b></p> <p><b>Responsible officer: HoF</b> <b>Implementation date: June 2020</b></p>

No.	Findings and / or risk	Recommendation / grading	Management response / Implementation timeframe
9	The Board was given insufficient time and strategic financial support to allow effective scrutiny of the key assumptions underpinning the Financial Forecast Return.	<p>The Financial Forecast Return should be presented in sufficient time to ensure that the Board has an opportunity to influence key assumptions prior to submission.</p> <p><i>Grade 1</i></p>	<p>The capacity within the Finance Team together with sources of income channelled through UHI not being fully confirmed resulted in delays in finalising the College budget for 2019/20.</p> <p>SMT worked hard to ensure the robustness of the budget and the savings required to be achieved during the year. The budget was ultimately approved at the October Board. This had a knock on effect to the development of the FFR.</p> <p>SMT and the Board expressed dissatisfaction that there was insufficient time to fully scrutinise the assumptions underpinning the FFR. As a result this is being reviewed to determine any revisions to be made.</p> <p><b>Actions</b></p> <p>Revise FFR for 2019/20 to ensure accuracy Implement scenario planning exercise with College Board to inform 2020/21 FFR: <b>May – September 2020</b></p> <p>Increase engagement with UHI Finance to achieve early confirmation of income sources to inform 2020/21 budget: <b>May 2020</b></p> <p><b>Responsible officer: HoF</b></p> <p><b>Implementation date: September 2020</b></p>

No.	Findings and / or risk	Recommendation / grading	Management response / Implementation timeframe
10	<p>Staff costs within the Financial Forecast Return have been reduced to reflect the savings required to return a balanced position, rather than as a result of an effective workforce plan. In our view, the Financial Forecast Return does not provide a robust medium term financial plan.</p>	<p>The College urgently needs to develop effective medium term financial planning. This should be supported by scenario planning and ongoing monitoring.</p> <p style="text-align: right;"><i>Grade 1</i></p>	<p>Rationale included within Finding 9.</p> <p><b>Actions</b></p> <p>Develop alternative scenarios, modelling and fiscal/ budget assumptions to more accurately forecast and monitor future financial impacts</p> <p>Undertake CMT and Board Development sessions on the creation of the FFR for 2021-26</p> <p><b>Responsible officer: HoF</b></p> <p><b>Implementation date: May - September 2020</b></p>
11	<p>We noted a number of instances where reporting to the Board was ineffective and may not support Board members' specific responsibilities as charitable trustees. Examples include:</p> <ul style="list-style-type: none"> <li>• Key decisions on senior staffing structure</li> <li>• The Board did not consider the 2018/19 budget, but noted the minutes of the F&amp;GP committee.</li> <li>• The 2019/20 Budget was approved in October 2019, following the start of the financial year.</li> <li>• The Board does not receive the risk register or financial monitoring updates.</li> </ul>	<p>We understand that the College will receive an external evaluation of its governance arrangements by December 2020. This review should consider the quality of reporting, and be informed by the specific responsibilities of charitable trustees.</p> <p style="text-align: right;"><i>Grade 1</i></p>	<p>See Responses in 2, 5, 6 and 9</p> <p>The College risk register process has already been reviewed and updated with risks monitored at all committee and board meetings. This is managed by the Clerk to the Board with each SMT member owning specific risks and the relevant committees monitoring the progress against these risks. The full register has now been included within all Board meetings.</p> <p><b>Actions</b></p> <p>Review the College's Annual Governance plan to ensure approvals are obtained based on robust and timely information</p> <p>Board agendas to include Financial monitoring updates</p> <p>Review the process for reporting and approval of settlement agreements</p> <p><b>Responsible officer: Principal/ Board Clerk</b></p> <p><b>Implementation date: March – July 2020</b></p>

No.	Findings and / or risk	Recommendation / grading	Management response / Implementation timeframe
12	The College has not undertaken a review of the Governance Statement against the good practice guidance referred to within the Accounts Direction.	<p>The College should review the quality of the Governance Statement against good practice guidance to ensure that it meets users needs.</p> <p><i>Grade 2</i></p>	<p>The College has already created a document reflecting the evidence of its compliance against the Governance Statement. This will be further reviewed to ensure this data is fully and fairly reflected within the Governance Statement.</p> <p><b>Action</b></p> <p>Review and implement the good practice guidance to ensure the quality of the Governance Statement</p> <p><b>Responsible officer: VP/ Board Clerk</b></p> <p><b>Implementation date: March- July 2020</b></p>

No.	Findings and / or risk	Recommendation / grading	Management response / Implementation timeframe
13	The Balanced Scorecard is under development but the most recent report to December 2019 provided only an interim report on 2018/19 performance. We also noted that a number of indicators were RAG rated only, but the actual metrics were not reported. This may be insufficient for effective scrutiny.	<p>Performance reporting should be reviewed to ensure that it is timely and provides sufficient information to allow robust scrutiny.</p> <p><i>Grade 2</i></p>	<p>The College has undertaken a significant amount of work in reviewing the Balanced Scorecard. This has been consulted on across the College and at all Committees and at the Board.</p> <p>The revised Balanced Scorecard format is reported at all committee and board meetings.</p> <p>The timings of the completion of the full balanced scorecard has been delayed this year due to the delay in the production of the Financial Statements. The final 2 measures of AOP and % of non SFC turnover were unable to be included until the Financial Statements were completed.</p> <p>The College is always receptive to recommendations for improvements and will further review the current format to ensure that it provides the best possible monitoring information.</p> <p><b>Actions</b></p> <p>Implement further improvements to the Balanced Scorecard to include actual metrics and reporting timelines.</p> <p><b>Responsible officer: Principal/ Board Clerk</b></p> <p><b>Implementation date: March – July 2020</b></p>

No.	Findings and / or risk	Recommendation / grading	Management response / Implementation timeframe
14	The College has disclosed a number of significant weaknesses in procurement within its Governance Statement, including lack of competitive tenders for material contracts.	<p>The College must ensure that procurement weaknesses are addressed as a matter of urgency.</p> <p><i>Grade 1</i></p>	<p>SMT identified a weakness in this area and as a result took a number of corrective actions to ensure that appropriate systems and processes were addressed and that policies and procedures were up to date and communicated effectively to staff.</p> <p>SMT acknowledges the 2 areas of non compliance which were already in process of being addressed prior to the external audit being undertaken. These were a contract which is broader than a tendered service relationship and which had been in place since 2004 and which is subject to a current retender process. Secondly, a contract that required reporting to RSB which was undertaken retrospectively was non-compliant. This contract was funded through non-public funded sources</p> <p>SMT have already implemented a control system which includes:</p> <ul style="list-style-type: none"> <li>• APUC contract in place</li> <li>• Revision of Procurement Strategy and Procedures</li> <li>• Contracts register enabling forward planning of contract values, tenders and renewals</li> <li>• Greater use of APUC Frameworks</li> <li>• Implementing a consistent purchase order system</li> <li>• Retendering of non-compliant contracts</li> <li>• Discussions with RSB on rationales for exemptions to tender</li> </ul> <p><b>Responsible officer: VP</b>  <b>Implementation date: March - July 2020</b></p>



# Appendix E: Follow up of prior year recommendations

This section of our report summarises our assessment of the College's progress against the recommendations that we identified during our 2017/18 audit.

Prior year recommendations			
No.	Recommendation / grading	Management response/ Implementation timeframe	Our assessment of progress
1	<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 FFRs and strategic and operational plans.</p> <p>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><i>Grade 1</i></p>	<p>Agreed. To be completed through the 2018/19 financial year.</p> <p><b>Updated response – February 2020</b></p> <p>Changes in the Finance Team, including at Senior Management Team level resulted in this recommendation not being implemented fully.</p> <p>In line with the responses to the 2018/19 Audit Report, the SMT appointment of a Financial Director; increased Board financial reporting; early change notification to RSB will improve FFR's alignment with strategic and operational plans.</p>	<p>As we report within Financial Sustainability, we consider that strategic financial planning remains inadequate.</p> <p>Audit Assessment: Not yet complete.</p>

# Appendix F: Errors identified during the audit

This table sets out the adjustments processed in the financial statements finalisation above our reporting threshold

Adjusted differences				
No.	Description	Income and Expenditure Impact	Other Comprehensive Income and Expenditure Impact	Balance Sheet Impact
1	<i>Adjusting accounting treatment of SITS debtor</i>	Cr Tuition Fee Income £57,970		Dr Debtors £57,970
2	<i>Capitalisation of assets and treatment of capital grant</i>	Cr Expenditure £345,629 Dr Income £345,629		Dr Debtors £345,629 Cr Deferred Capital grants £345,629
3	<i>Recognition of depreciation and deferred capital grant release on newly capitalised assets</i>	Dr Depreciation £48,603 Cr Income £48,603		Dr Deferred Capital grants £48,603 Cr Accumulated Depreciation £48,603
4	<i>Reallocation of expenditure incorrectly classified</i>	Dr Other Operating Expenditure £46,193 Cr Payroll Expenditure £46,193		
5	<i>Correct accounting for pension liability</i>		Dr Actuarial Loss £1,088,000	Cr Pension liability £1,088,000
6	<i>Being increase to national insurance liability</i>	Dr Payroll costs £141,533		Cr Accruals £141,533
7	<i>Removal of income for telephone masts which relates to previous financial years</i>	Dr Other income £42,229		Cr Accrued income £42,229
8	<i>Correction of sales invoice posted to 2018/19 in error</i>	Dr Residences Income £23,179		Cr Debtors £23,179

## Adjusted differences

No.	Description	Income and Expenditure Impact	Other Comprehensive Income and Expenditure Impact	Balance Sheet Impact
9	<i>Correction to accounting for 2019/20 NDR expenditure</i>			Dr Creditors £62,417 Cr Prepayments £62,417
10	<i>Reversal of capital additions which relate to 2019/20</i>	Dr Grant income £2,795 Dr Expenditure £27,951 Cr Depreciation Expense £2,795 Cr Capital Maintenance Grant £27,951		Dr Accumulated Depreciation £2,795 Dr Deferred Capital Grants £25,156 Cr Assets – Fixtures and Fittings £27,951
11	<i>Being reversal of depreciation charged not in line with policy</i>	Dr Grant income £35,129 Cr Depreciation Expense £35,129		Dr Accumulated Depreciation £35,129 Cr Deferred Capital Grants £35,129
12	<i>Correction of accrued research income</i>	Dr Research Income £49,457		Cr Accrued Income £49,457
13	<i>VAT adjustment</i>	Dr Expenditure £44,168		Dr VAT Debtor £587 Cr VAT Creditor £44,755

## Adjusted differences

No.	Description	Income and Expenditure Impact	Other Comprehensive Income and Expenditure Impact	Balance Sheet Impact
14	<i>Correction of accruals which do not relate to 2018/19</i>	Cr Expenditure £240,999		Dr Accruals £240,999
15	<i>Correction of tuition fee income for 2019/20 not received in advance</i>			Dr Deferred income £38,480 Cr Debtors £38,480
16	<i>Accrual of gift aid income from subsidiary</i>	Cr Gift aid income £225,435		Dr Accrued Income £225,435
17	<i>Being AFS adjustment</i>	Dr Grant income £4,000 Cr Depreciation Expense £5,744	Cr Revaluation Gain £54,641	Dr Assets Held for Sale £230,000 Dr Accumulated Depreciation £37,585 Cr Assets – Cost £207,200 Cr Deferred Capital Grants £4,000
18	<i>Correction of annual leave accrual</i>	Dr Payroll expenditure £44,999		Cr Accruals £44,999

### Adjusted differences

No.	Description	Income and Expenditure Impact	Other Comprehensive Income and Expenditure Impact	Balance Sheet Impact
19	<i>Correction of National insurance liability</i>			Dr Accruals £250,000 Cr Provisions £250,000
20	<i>Increase in relation to accrual of ESIF income</i>	Cr Grant Income £120,382		Dr Accrued Income £120,382
21	<i>Release of Foundation Apprenticeship income relating to 2017/18</i>	Cr Income £223,398		Dr Deferred Income £223,398
22	<i>Release of LUPS income relating to 2016/17</i>	Cr Income £118,977		Dr Deferred Income £118,977
23	<i>Accrual for the income and expenditure in relation to job evaluation which relates to 2018/19</i>	Dr Staff costs £384,947 Cr Income £384,947		

This table sets out the unadjusted differences above our reporting threshold in relation to the College.

### Unadjusted differences

No.	Description	Income and Expenditure Impact	Other Comprehensive Income and Expenditure Impact	Balance Sheet Impact
1	<i>Recognition of Development Trust</i>			Dr Net Assets    £54,487 Cr I & E Reserve   £54,487

This table sets out the adjustments processed in the financial statements finalisation above our reporting threshold in relation to AST (Engineering) Limited.

#### Adjusted differences

No.	Description	Income and Expenditure Impact	Other Comprehensive Income and Expenditure Impact	Balance Sheet Impact
1	<i>Correction of accounting for NDR liability</i>			Dr Trade creditors £31,925 Cr Prepayments £31,925
2	<i>Recognition of tuition fee income</i>	Cr Tuition Fee Income £17,022		Dr Accrued Income £17,022
3	<i>Correction of expenditure accruals</i>	Dr Expenditure £5,034		Cr Accruals £5,034
4	<i>Correction to tuition fee income</i>	Dr Tuition Fee Income £4,659		Cr Accrued Income £4,659
5	<i>Tuition fee income not recognised</i>	Cr Tuition Fee Income £33,365		Dr Accrued Income £33,365
6	<i>Correction of prepaid fees</i>	Dr Tuition Fee Income £3,571		Dr Deferred income £119,884 Cr Debtors £123,455
7	<i>Accrual of gift aid income from to parent</i>	Dr Gift aid distribution £225,435		Cr Accruals £225,435
8	<i>Recognition of annual leave accrual</i>	Dr Payroll Expenditure £4,765		Cr Accruals £4,765

This table sets out the unadjusted differences above our reporting threshold in relation to AST (Engineering) Limited.

Unadjusted differences				
No.	Description	Income and Expenditure Impact	Other Comprehensive Income and Expenditure Impact	Balance Sheet Impact
1	<i>Correction of accrual</i>	Cr Expenditure £2,439		Dr Accruals £2,439

# Appendix G: Timing and deliverables of the audit

We deliver our audit in accordance with the timeline set by the College, in accordance with guidance from Audit Scotland. Below is a timetable showing the key stages of the audit and the deliverables through the 2018/19 audit cycle.

	Audit Activity	Deliverable	Timing
MAR			
APR	<ul style="list-style-type: none"> <li>Review of current issues impacting the College throughout the audit process</li> </ul>	Periodic current issues return submission	22 March 2019 8 November 2019
MAY	<ul style="list-style-type: none"> <li>Audit planning and setting scope and strategy for the 2018/19 audit</li> </ul>	Annual audit plan	6 June 2019
JUNE	<ul style="list-style-type: none"> <li>Walkthrough visit</li> </ul>	Completion of internal documentation	24 June 2019
AUG	<ul style="list-style-type: none"> <li>Review progress of the NFI exercise</li> </ul>	Submit NFI questionnaire	30 June 2019
SEPT			
OCT	<ul style="list-style-type: none"> <li>Year-end substantive audit fieldwork on unaudited financial statements</li> </ul>	Audited financial statements	October 2019
NOV	<ul style="list-style-type: none"> <li>Conclude on results of audit procedures and finalise Annual Audit Report</li> </ul>	Issue Annual Audit Report	20 February 2020
DEC	<ul style="list-style-type: none"> <li>Issue opinion on the College's financial statements</li> </ul>	Submit Audit Scotland Minimum dataset request	



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agus nan Eilean

**UNIVERSITY OF THE HIGHLANDS AND ISLANDS**

**INTERNAL AUDIT SERVICE**

**PERTH COLLEGE UHI INVESTIGATION OF ALLEGATIONS  
REPORTED TO AUDIT SCOTLAND**

28 February 2020

## 1. BACKGROUND

- 1.1. The purpose of this report is to record the findings of an investigation into allegations reported on the 20 November 2019 by the Head of Finance at Perth College UHI to Audit Scotland under their Raising an Issue of Concern process, specifically regarding alleged financial management concerns at Perth College UHI, gathered over the course of the Head of Finance's employment since July 2018.
- 1.2. The University was first made aware of this report in an email received from the Head of Finance at Perth College UHI to the Chair of the University Further Education Regional Board on the 21 November 2019. The email had attached a completed Audit Scotland raising an issue of concern form and a zip folder including documents referenced in the form. The Scottish Funding Council (SFC) having been made aware of the report requested the University Internal Audit Service to carry out an investigation.
- 1.3. The report made to Audit Scotland by the Head of Finance alleges wide ranging concerns over several areas regarding governance and financial management practices. The report references that 'professional concerns relate to requirements set out in the Financial Memorandum (FM) and specifically that, it is a term and condition that Perth College's governing body and its designated officers comply with the FM's requirements. In addition, compliance with the FM further require the governing body and officers of Perth College to comply with the Code of Good Governance and the Scottish Public Finance Manual'.
- 1.4. The Head of Finance raised numerous areas of alleged concern and provided extensive supporting documentation as evidence. The alleged areas of concern were wide ranging and the following list provides summarised excerpts from part of the submission to Audit Scotland.

*1) Historic accounting practices breaching the requirement in the FM that public funds be used in accordance with relevant legislation. Further, that Strategic, Capital or other grant funding must only be used for the purpose for which it is provided by SFC.*

*I have witnessed the recognition of SFC Capital Grants into the Management Accounts (and subsequently the Financial Statements for 2017/18) of Perth College for no reason other than "to balance the books" and with no corroboration of underlying qualifying spend that has then gone unchecked by the wider Management Team. This accounting practice was also witnessed by another finance colleague and occurred in September 2018.*

*The College had been accumulating £1,3M of unrecognised income on their balance sheet (expanded upon in note 5) for a number of years. Operationally, this may mean that Capital Grant funding has been recognised in prior year accounting records to increase income flowing to College accounts without appropriate Estates investment being made to trigger its release whilst genuinely recognisable income was being deferred under erroneous accounting practices.*

*2) Perth College is required to achieve value-for-money and is economical, efficient and effective in its use of public funding under the banner of "Best Value" per the Scottish Public Finance Manual. Specifically, the FM directs that non-competitive awards of contracts valued at over £25k cannot be made without prior approval from SFC. Perth College have recently awarded a contract that I am concerned was awarded with a value in significant excess of this value with no competitive process. Historically, Perth College have repeatedly re-awarded their Catering contract (commercial and academic) costing the College around £100k each year to the same supplier without due procurement process.*

*The lack of proper Procurement processes and potential Procurement Law non-compliance poses huge financial and reputational risk to Perth College.*

*3) The financial books and records of Perth College do not provide sufficiently detailed, accurate or reliable financial management information, most materially around salary costs.*

*College Management have instigated a consultation with Unions and Staff on the basis of an openly and frequently challenged teaching load allocation model used to inform their academic salary budget with a view to making a staffing cost reduction of £600k to be completed in 2019/20.*

*The College have historically never analysed their actual staffing costs and in order to begin to create this most critical of financial information, I contracted a salary model expert in April 2019 who then became a substantive staff member in September 2019. This member of staff has created a fully costed staffing "establishment" for permanent posts and has been used to inform the 2019/20 staffing budget. As yet, Perth College's actual staffing costs have not been analysed against the budget model and so College Managers do not have confidence in the robustness of the budgeted salary costs.*

*4) Timely and accurate recognition of Financial and Reputational risk is not undertaken by Senior Management at Perth College as required by the FM. The FM directs that Perth College must have an effective policy of risk management and risk management arrangements. During my 16 months at Perth College, I have advised the Senior Management Team of numerous and significant failings in their payroll processes, resulting in significant financial and reputational risk to the College. The first of these risks were communicated in February 2019 with further detail becoming known around significant issues in March concerning the under calculation and payment to HMRC of National Insurance contributions. As far as I am aware, these risks have not been incorporated into the College's Risk Register and were made known to the Audit Committee on 8th November 2019 despite being known by the Senior Management Team since March 2019.*

*The issue described above may also contravene the requirement for the governing body of Perth College or its Officers to notify the SFC of any serious weakness, such as a significant and immediate threat to the institution's financial position, significant fraud or major accounting breakdown or any material non-compliance with any requirement of this FM.*

*For context, it is my belief that it is likely that these errors have come into existence due to the appointment of an unqualified and unexperienced finance assistant into the College's Payroll Officer role some years ago. Neither the College nor the individual pursued appropriate training or performance management processes that would mitigate the obvious financial and reputational risk resulting from the appointment of a novice into such a specialist position. This appointment and subsequent lack of training and performance management indicates potential non-compliance with Staff Governance requirements of the Code of Good Governance.*

*I have enclosed the Internal Audit report on HR/Payroll processes undertaken by Henderson Loggie (the College's Internal Auditors) and concluded in September 2019. This was presented to the Audit Committee, but the presentation failed to specifically quote the calculated National Insurance liability of £108k for a scope of three financial years 2016/17 - 2018/19.*

*5) I advised the SMT of Perth College of a long term, material accounting error regarding income recognition, in February 2019. The source of the error was non-compliance with FRS 102 after the significant change to the Standard in 2014/15. The result of this accounting error is a release of prior year deferred income totalling £1.3M and relates to income generated in financial years 2015/16 to 2017/18 inclusive. 2018/19 income has been corrected in year.*

*Perth College's Management Team made this error known to the SFC in July 2019 after its initial discovery in February of the same year. However, the magnitude and the time span of the recurring and unchecked error brings into question the Institution's policies of internal control, appropriate oversight and proper accounting checks and balances as required by the Audit and Accounting section of the document. This is further required of the Board under the Code of Good Governance section C12.*

*The error has also been made known and subsequently reviewed by Ernst & Young, the College's external auditors and will be audited as part of their review of the 2018/19 Financial Statements.*

**1.5. Context**

- 1.6. The previous Head of Finance left employment at Perth College UHI in April 2018. An interim agency Head of Finance provided cover until August 2018. In July 2018 a new Head of Finance (that raised the concerns) was employed by Perth College UHI who had previously worked as a senior management accountant at a Scottish university, the appointment as Head of Finance was a promotion to a position with greater responsibility. The Head of Finance was line managed by the Perth College UHI Chief Operating Officer who was the senior financial officer. The Chief Operating Officer left the College at the end of December 2018 and the post of Chief Operating Officer was not replaced. The Head of Finance then reported to the Vice Principal External after the Chief Operating Officer left, taking on some of the responsibilities of the more senior role. The Perth College UHI Principal was of the view that this was a minimal change of duties.
- 1.7. A disciplinary proceeding was raised against the Head of Finance resulting in a final written warning being issued on the 4 October 2019. The final written warning was appealed by the Head of Finance with a hearing to be held on the 12 December 2019. On the 20 November 2019 the Head of Finance raised a separate grievance against the Perth College UHI Senior Management Team. The disciplinary proceedings, appeal and grievance have not formed part of this investigation.
- 1.8. The Head of Finance discussed financial management concerns with the Chair of the Board on 24 October 2019 and in an email of the 25 October 2019 and then providing documentation on the 4 November 2019.
- 1.9. The Head of Finance resigned on the 7 October 2019 and reportedly sought to withdraw the resignation on the 15 November 2019, the College determined that it was unable to agree this request. There was evidence of issues surrounding the Head of Finance's capacity to deliver the role (See later paragraph 2.45). An interim Head of Finance was recruited on the 4 November 2019. The Head of Finance finished work on the 21 November 2019 but had a final date of employment of the 6 January 2020.

**1.10. Investigation approach**

- 1.11. Initial meetings were held with the Perth College UHI Principal and the Vice Principal External on the 27 November 2019. The UHI Head of Internal Audit met with the Chair of the Perth College UHI Board on the 29 November 2019 and the Chair subsequently provided further documentation to support the investigation. The UHI Head of Internal Audit met with the Perth College UHI Head of Finance on the 4 December 2019.
- 1.12. It was apparent from the alleged concerns raised to Audit Scotland, from disciplinary proceedings and the grievance raised by the Head of Finance as well as from the meetings referenced above and documentation provided by the Chair of the Board that working relationships between the Head of Finance and College Senior Management Team had become strained and that there were opposing views held on many of the alleged areas of concern.

- 1.13. An extensive amount of information and documentation has been provided by Perth College UHI to facilitate this investigation. The Clerk to the Board of Management, Interim Head of Finance, PA to Principal and Chief Executive and Executive Team Manager as well as the Head of Human Resources and Organisational Development assisted with the provision of the information.
- 1.14. Consistent with their role the Perth College UHI's External Auditors were also provided with the documents reporting concerns to Audit Scotland. At the time of this investigation the External Auditors were in the process of carrying out their planned year end audit work. **The nature of many of the alleged areas of concern raised fall directly within the scope of the work of the External Auditors. The UHI Head of Internal Audit has therefore coordinated this investigation and shared information with the External Auditors in order to avoid duplication of effort. Where alleged areas of concern fall within the remit of the External Auditors role, work has been carried out by the External Auditors to review the areas concerned. The Annual External Audit Report should be read in conjunction with this report. The External Audit Report will be considered by the Perth College UHI Board on Thursday 20 February 2020.**
- 1.15. The UHI Head of Internal Audit has liaised with Perth College UHI Internal Auditors in carrying out this investigation and has placed reliance on their work to inform the findings of this investigation, Including the internal audit of Human Resources and Payroll Systems. The College's Internal Auditors are currently in the process of carrying out additional work to quantify the extent of payroll processing errors.
- 1.16. Given the wide-ranging nature of the alleged areas of concern it was necessary for the UHI Head of Internal to summarise the alleged areas of concern under specific headings to facilitate investigation and reporting. The headings are as follows:
- Raising concerns
  - Staffing - Finance team and Human Resources team
  - Transparency and Accountability
  - Governance and Oversight
  - Financial Governance Framework
    - Financial Memorandum
    - Scottish Public Finance Manual (SPFM)
    - Financial Regulations
    - Financial Procedures
    - Value for money
  - Procurement (value for money)
  - Risk Management
  - Code of Good Governance for Scotland's Colleges

As referenced in 1.14 the following areas fall within the remit of the External Audit work:

- Financial Planning
  - Salary Forecasting
  - Capital plans and expenditure
  - Budgetary process
  - Financial Forecast Return
- Financial Control
  - Accounting processes - deferred income
  - Budgetary control
  - Payroll and Pensions
  - Fixed asset register
  - Disposal of assets

## 2. MAIN FINDINGS

### 2.1. Raising Concerns

- 2.2. The Perth College UHI Board approved on the 13 June 2018 a revised and updated Whistleblowing Policy. The Policy and procedure applies to all staff, students, members of the Board of Management, contractors and agency workers engaged at Perth College UHI.
- 2.3. The aims of the Policy are to encourage staff to report suspected wrongdoing as soon as possible, in the knowledge that their concerns will be taken seriously and investigated as appropriate, and that their confidentiality will be respected. The Policy states that whistleblowing, tends to relate to matters of serious concern where the organisation has breached generally accepted standards of legal, ethical, financial or other expected behaviour.
- 2.4. The Policy notes that if the complaint relates to one or more members of the Senior Management Team (SMT), the complaint should be submitted to the Chair of the Board of Management, who will assign the investigation team, who will be supported by a member of the Board of Management. The Chair of the Board of Management can also take the decision to appoint an external investigator. The investigator will report findings to the instigator of the investigation and will recommend one of the following steps based on the evidence found;
- take no further action save to inform the discloser of the decision and reasons for it
  - refer the matter to the police in the case of alleged criminal activities
  - refer the matter for appropriate action within existing college procedures
- 2.5. The Head of Finance discussed concerns with the Chair of the Board on 24 October 2019 and in an email on the 25 October 2019. The Chair of the Board sought legal advice from the college lawyers and on this basis established an informal confidential process to try and resolve the issues raised. On the 3 November 2019 the Head of Finance provided documentation to the Chair of the Board explicitly stating that it was provided to the Chair under the assumption that they were the prescribed person at Perth College UHI. The reported concerns related to several financial management issues and the Head of Finance was of the opinion that 'these issues are current and present real, significant risk to the College'.
- 2.6. The Chair of the Board responded in an email of the 4 November that:
- As the issues you are raising appear to relate to all of the Senior Management Team (SMT) including the Principal, it is appropriate that in the first instance they are addressed to the Chair of Perth College Board of Management.
  - As we agreed last week, it is my intention to first try and resolve the issues raised informally.
  - I will review the documents you have provided and after review, again as discussed last week, I shall then immediately involve the Principal and SMT and commence discussions on how we can move the informal process forward. I am working on the basis that you understand that it is essential to involve the Principal and SMT in that regard, and that you have submitted the email below and further documents with that understanding.
  - Should we be unable for any reason to reach a resolution of these matters by way of this informal process you are of course free to institute a more formal process. It is likely if that turns out to be the case that I would not take a part in that formal process but would nominate another Board member as my delegate.

- If you are in agreement with the process outlined above, please let me have the documents as soon as possible and I will start the process.
- 2.7. The Head of Finance provided documentation on the 4 November 2019 to the Chair of the Board<sup>1</sup>. The documentation included an Appendix 1 - Summarised description of financial issues with the following headings.
- Reforecast/review of 2018/19 budget and accounts
  - Deferred income
  - Salary budget 2019/20
  - Budget 2019/20
  - Accelerated spend 2018/19
  - Financial forecast return
  - Payroll

Appendix 2 -Timeline of Senior Management Team Financial Management Concerns.

- 2.8. An email provided by the Chair of Board affirms that the college lawyers having reviewed documentation provided by the Head of Finance saw no reason why the Chair could not proceed to try and resolve this informally as discussed.
- 2.9. The Chair adjudicated on the areas raised having received responses from the Senior Management Team (SMT). The Chair acknowledged as 'a learning point from your submission, the SMT will now consider whether in future the most senior finance role holder should be a member of the SMT, and I look forward to receiving their view on this matter in due course'.
- 2.10. It was clear that the Chair of the Board was mindful of the difficulty of the situation and the strained working relationships between the Head of Finance and College Senior Management Team and was seeking to use an informal confidential process as a mechanism to try and facilitate a resolution to the situation.
- 2.11. It is the UHI Head of Internal Audit's opinion that the alleged areas of concern reported to the Chair of the Board fell within the scope of the College's Whistleblowing Policy. However, as referenced in paragraph 2.8 the college lawyers saw no reason why the Chair could not proceed to try and resolve this informally. The Perth College UHI Principal confirmed that the legal advice indicated that this was not whistleblowing and that an informal resolution would be acceptable acknowledging that the individual could ask at any point for the issue to be considered as whistleblowing. The informal confidential process implemented by the Chair did not enable in the first instance an independent investigation of the alleged areas of concern to be carried out. The approach taken poses a risk that the informal confidential process could prejudice any later formal independent investigation. The Chair of the Board affirmed that the process was confidential. There was therefore no formal paper to the Board reporting the decision to implement an informal confidential process or the outcome of the process.
- 2.12. Recommendation.**
- 2.13. *Where a member of staff raises concerns that fall within the remit of the College Whistleblowing Policy that the Whistleblowing Policy is followed and that the Board is formally informed of the outcomes of the process.*

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<sup>1</sup> The areas listed were broadly consistent with those reported on the 20 November 2019 by the Head of Finance at Perth College UHI to Audit Scotland under the Audit Scotland Raising an Issue of Concern process. The Submission to Audit Scotland included additional supporting documentation.



## **2.14. Staffing - Finance team and Human Resources team**

- 2.15. The Head of Finance was line managed by the Perth College UHI Chief Operating Officer who undertook the role as senior financial officer. The Head of Finance had previously worked as a senior management accountant at a Scottish university, and the appointment as Head of Finance at Perth College UHI was a promotion to a position with greater responsibility. The Chief Operating Officer left the College at the end of December 2018 and the post of Chief Operating Officer was not replaced. The Head of Finance then reported to the Vice Principal External after the Chief Operating Officer left, taking on some of the responsibilities of the more senior role. The Perth College UHI Principal was of the view that this was a minimal change of duties. While the Chief Operating Officer was still in post, the Head of Finance attended some meetings of the Finance and General Purposes Committee, Audit Committees and the Senior Management Team. After the Chief Operating Officer left there was evidence of the Head of Finance being in regular attendance at Senior Management Team meetings for relevant agenda items as well as at the Finance and General Purposes Committee and Audit Committee.
- 2.16. The Audit Committee at its meeting of the 19 February 2019 discussed financial risks and management of them particularly in the light of the Chief Operating Officer leaving the College. The Committee noted that the Head of Finance was a qualified accountant and had access to professional support networks. The minute of the Audit Committee did not record any concerns over the changes to the Finance role.
- 2.17. As part of this investigation, given the alleged areas of concern, information on the staffing in the Finance team and Human Resources team was reviewed.
- 2.18. Information provided by Perth College UHI shows evidence of continued high staff turnover within the finance team.
- Six staff left in 2018, a further 4 left in 2019. With one in 2020<sup>2</sup>.
  - Out of 10 current staff, six have been in post less than a year. (3 of which started in the last 4 months).
  - the issues with staff turnover were in existence before the appointment of the Head of Finance.
- 2.19. Information provided by Perth College UHI on Human Resources staff changes presents a similar picture.
- Five staff left in 2018, a further five left in 2019.
  - Out of 10 current staff, six have been in post less than a year.
  - Eight out of ten staff have been in place for a year or less.
  - There was reference to three agency staff being employed.
- The Perth College UHI Principal confirmed that the College experienced difficulty in recruiting to finance roles and therefore used agency and fixed term staff to plug the gap to ensure services continued to be delivered. This was the same model as used within the Human Resources team.
- 2.20. There was evidence of significant issues surrounding high staff turnover in both the Finance and Human Resources teams. This increased the potential risk of a weakened control environment due to:
- Loss of/ or gaps in organisational knowledge;
  - Inhibition of effective team working;
  - Lack of knowledge transfer between staff;
  - Processes and procedures not being followed; and

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<sup>2</sup> The Head of Finance.

- Human errors occurring.

2.21. The human resources report provided to the Finance and General purposes Committee on the 25 September 2018 also provided information on college staff turnover. The human resources report provided to the Finance and General purposes Committee on the 23 September 2019 did not contain information on staff turnover.

## **2.22. Recommendation**

2.23. *Conduct a review and establish the reasons for high staff turnover in the Finance and Human Resources teams and ascertain whether any other departments or teams are in a similar situation.*

2.24. *Ensure that monitoring statistics on staff turnover form part of the Human Resources report to the Finance and General Purposes Committee. Additional statistics on staff turnover should also be reported so that there is transparency surrounding any departments or teams with high staff turnover.*

## **2.25. Transparency and Accountability**

2.26. The Code of Good Governance for Scotland's Colleges under principle C.7 states that the board must ensure that its decision-making processes are transparent, properly informed, rigorous and timely, and that appropriate and effective systems of financial and operational control, quality, management of staff, risk assessment and management are established, monitored, continuously improved and appropriately impact assessed. This includes: a) the prompt production, dissemination and online publication of board/committee agendas, minutes and papers to the public b) every board meeting and every committee meeting having a well-structured agenda circulated timeously in advance c) the retention of all key documentation which help justify the decisions made by the board and its committees.

2.27. There was evidence in the form of a spreadsheet provided by the Head of Finance and also confirmed in records of the Head of Finance disciplinary hearing to suggest that issues surrounding errors in processing payroll and pensions were known in February 2019. At its meeting on the 17 September 2019 the Audit Committee received an internal audit report on human resources and payroll systems. In summary the report found a large number of weaknesses regarding payroll transactions tested, with some staff being underpaid and others being overpaid.

2.28. Issues surrounding accounting for deferred income were also identified and verbally reported to the Finance and General Purposes Committee in February 2019. The College's External Auditors confirmed to the UHI Head of Internal Audit that there were delays in notifying them of the issues and providing detailed information.

2.29. The minutes of 14 May 2019 Audit Committee note that the Head of Finance reported that the College had been asked by the External Auditor to undertake a piece of investigative work, which was almost complete. A report would be brought to the next meeting of the Committee. It was noted that the matter was also being monitored by the Chairs' Committee.

2.30. The Audit Committee received a paper on the 17 September 2019 from the Head of Finance on Deferred Income. This paper was reviewed by the committee without the Internal Auditors and External Auditors present. The paper stated that the issue of deferred income had been discussed at the Board over the last cycle of meetings and that the appendix (provided in the paper) is intended to clarify the position and to give members details of the income source, the year the income was received, the purpose of the income and the reason why this income can now be released. The appendix contained a spreadsheet referencing deferred income of ~£1.3M. The paper noted that the Senior Management Team agreed to accelerate spend to 2018/19 in order to minimize the carry over to the current year. This leaves a balance of £667k to be carried over into 2019/20. The draft minute of the meeting notes that:

- Principal summarised difficulties caused by lack of a clear audit trail relating to treatment of deferred income over a number of years, without much traction in terms of guidance and written guarantees, and noted that the figure finally arrived at needs to be dispersed within the Scottish Funding Council (SFC)'s financial year, i.e. before March 2020.
- Principal outlined that there was a need to protect both the College and her personal position in this matter as an Accountable Officer, and that the use of these funds would therefore be in the furtherance of known College objectives.
- Board Member sought clarification that, as funds come from numerous sources, the College will not be in breach of any conditions of funding. Head of Finance confirmed that there was no risk in this regard, and that the College has produced the required outputs in all cases, therefore the matter is a purely accounting issue rather than an operational one.
- Chair expressed concern that the agreement from SFC was verbal in nature, particularly given the short-term nature of the opportunity to disperse the funds. Principal noted that the intention was to send SFC a non-committal email by exception to ensure protect the College's position.
- Chair proposed that Audit Committee fully support Principal's position in the commitment of the deferred income funds based on advice provided that issues were an accounting matter. This proposal was agreed.

The Perth College UHI Principal confirmed to the UHI Head of Internal Audit that 'this advice was given to the Principal from the Scottish Funding Council on the basis of the information which was available at the time and is clearly no longer relevant given the findings of the External Auditors in relation to the issue of deferred income'.

- 2.31. Review of the Board and Finance and General Purposes Committee papers found that there was a lack of formal written papers presented on the deferred income issue. There was a lack of transparency surrounding the issue whether options for resolution were presented for review and approval, whether any action plans were established, how they would be monitored and any actions or approval process to accelerate any expenditure.
- 2.32. The Clerk to the Board of Management acknowledged in an email to the UHI Head of Internal Audit that some of the references to deferred income (particularly during the early stages of the colleges own investigation) not being overt, plus some of the minutes recorded perhaps not best reflecting the discussions that took place on this matter.
- 2.33. The External Audit report provides additional information on deferred income (see earlier paragraph 1.14).
- 2.34. A review by management of procurement processes in September 2018 was completed. This identified several significant weaknesses in procurement processes, including areas of noncompliance. (See later section on Procurement 2.77).
- 2.35. The Financial Memorandum between the University and Perth College UHI states that the Chief Executive Officer of the College must inform the Regional Strategic Body's Chief Officer without delay of any circumstance that is having, or is likely to have, a significant adverse effect on the ability of the College to deliver its education programs, and other related activity, including delivery of its commitment to the Regional Outcome Agreement with SFC. He or she must also notify the Regional Strategic Body's Chief Officer of any serious weakness, such as a significant and immediate threat to the College's financial position, significant fraud or major accounting breakdown or any material non-compliance with any requirement of this Financial Memorandum.
- 2.36. The Principal is required as Chief Officer to provide assurance to the Accountable officer of the Scottish Funding Council to enable assurance to be provided to the Principal Accountable officer of

the Scottish Government to sign a governance statement as part of the Scottish government consolidated accounts.

- 2.37. The 2018/19 certificate covers the period from April 2018 to March 2019 and includes a detailed schedule of required assurances. The certificate requires the Principal: to confirm that I have undertaken a review of the internal control arrangements in my college and obtained required assurances. Based on that review, and my own knowledge of the internal control matters in my college: I can confirm that these controls have been, and are, working well. There are in my opinion no significant matters arising in the college which would require to be raised specifically in the governance statement. The Perth College UHI Principal confirmed that 'assurance was received from the Head of Finance that the Certificate of Assurance was robust - with hindsight this was obviously not the case'. The Certificate of assurance for 2018/19 was signed by the Perth College UHI Principal and dated 24 April 2019.

## **2.38. Recommendations**

- 2.39. *Improve processes to ensure that where potential issues are identified that could indicate control weaknesses these are formally reported (in the form of written reports) at the earliest opportunity to the Board (including through appropriate committees) and to the University as required under the Financial Memorandum. Formal investigations should be carried out to establish the facts, options for resolution presented for approval, action plans established, and implementation monitored.*
- 2.40. *The Board through the Audit Committee should seek assurance from the College Principal that Certificates of Assurance (including schedule of required assurances) provided to the Accountable Officer of the Scottish Funding Council to provide assurance to the Principal Accountable Officer of the Scottish Government are prepared robustly.*

## **2.41. Governance and Oversight**

- 2.42. The Board had established subcommittees with clear remits and placed reliance on these committees to effectively fulfil their remits. The Board relied on the judgement of the subcommittees on whether an issue should be raised to Board level. Chairs of subcommittees are given the opportunity to raise items in advance of the Board meeting or to refer to them at the meeting. Membership of both the Finance and General Purposes Committee and the Audit Committee included a member with financial expertise. At each meeting the Board received the minutes of the subcommittees and was reliant on the subcommittee minutes to inform its view of subcommittee business. Review of the Board agendas and papers between June 2018 and December 2019 found that the Board received the annual accounts at its December 2018 meeting but did not routinely receive the college management accounts and only received the college risk register at its December 2019 meeting.
- 2.43. The Code of Good Governance for Scotland's Colleges requires under principle A.7 that the board must ensure that a comprehensive performance measurement system is in place which identifies key performance indicators. It must ensure that it scrutinises performance measures and reports these on their website in a manner that is both timely and accessible to stakeholders. This will allow the board to determine whether or not the vision and mission of the region or the college are being fulfilled and that the interests of stakeholders are being met.
- 2.44. The Board reviewed at its meeting in June 2018 the college balanced scorecard including measures for Academic Year 2016/17, limited performance information was provided for 2017/18. In December 2019 the Board received a revised format balanced scorecard for 2018/19. It was noted that the Perth College UHI website provided accessible information on the Scottish Funding Council (SFC) Further Education performance indicators to inform stakeholders about the college's performance. The balanced scorecard contained a wider range of indicators and was more difficult to access by searching the Board or its subcommittee papers.

- 2.45. Review of the Finance and General Purposes Committee agendas and papers found that the committee routinely received and reviewed among other things key financial documents such as the College and the Air Service Training (a College subsidiary company) management accounts, the budget, Financial Forecast Return and end of year accounts. It did not review or receive the full college risk register or information on performance indicators other than the indicators specific to its role. It was noted that the Estates Update was routinely provided verbally to the committee (See also later paragraph 2.87). It was noted that at the May 2019 meeting that there were a number of key financial papers recorded as to follow. At the September 2019 meeting the College Management Accounts (12 months to 31 July 2019) were only presented at the meeting without commentary.
- 2.46. The Audit Committee reviewed the annual accounts and was responsible for oversight of the college risk register and had regularly reviewed this as well as the internal and external audit activities. At the 17 September 2019 Audit Committee meeting the committee received a paper on the deferred income issue (see earlier paragraph 2.29 and 2.30). See also later section on Procurement 2.77.
- 2.47. The Audit Committee also received the internal audit report on Human Resources and Payroll Systems. The report found significant weaknesses requiring improvement. A large number of issues have been noted regarding payroll transactions tested, with some staff being underpaid and others being overpaid. These errors can partly be attributed to issues arising from systems change, and also to changes in Human Resources and payroll staffing. Nine recommendations for improvement in control were made with last agreed completion date of 31 March 2020. The minutes of the meeting state that the 'Principal noted that College had asked for this audit to be brought forward as it was known that there were issues in the feed-through between the 3 systems in use. Principal further noted that College still has work to do in terms of having correct systems in place, and that a single integrated end-to-end system is some way off due to the costs involved, but that significant steps had been made to ensure that HR, Payroll and Finance were working much more closely together. The Head of Finance noted that Payroll Manager had been proactive in identifying issues and had pulled together a Payroll Risk Register to solidify issues identified. It was also noted by the Internal Auditors that HM Revenues and Customs control areas perhaps need additional attention to minimise potential reputational risk. Chair noted that there needs to be clarity on control mechanisms, and that there should be a report on those systems implemented to come before a future Audit Committee.

**2.48. Recommendation**

- 2.49. *Management should provide timely information in the form of written papers to all relevant committees as well as the Board to enable absolute transparency surrounding issues as well scrutiny of any decisions making, or action proposed or required. The Board should be regularly provided with the management accounts and the college risk register.*

**2.50. Financial Governance Framework**

**2.51. Financial Memorandum**

- 2.52. The Governance Manual for Perth College UHI (approved by the Board in March 2016) and published on the college website includes a copy of the Financial Memorandum between the University and Perth College UHI as an appendix.
- 2.53. There was evidence to suggest a lack of awareness of the reporting requirements placed on the College as a result of the Financial Memorandum between the University and Perth College UHI. The Head of Finance was not aware of the Financial Memorandum between the University and Perth College UHI. At the time of this investigation it was established that the current interim Head of Finance was also unaware of the Financial Memorandum between the University and Perth College UHI although this could be a timing issue. The Perth College UHI Principal confirmed that the Interim Head of Finance was newly in the role when the discussion relating to the Financial Memorandum took place and was still going through induction. In the course of this investigation evidence of

examples of non-compliance with the Financial Memorandum were found regarding the timely reporting of requirements such as:

- control weaknesses surrounding deferred income and payroll
- settlement agreements
- non-competitive procurement in excess of £25K
- compliance with the Code of Good Governance for Scotland's Colleges

**2.54. Recommendation**

2.55. *Ensure that the requirements of the Financial Memorandum between the College and the University are communicated to all relevant staff and that that processes are implemented to ensure compliance.*

**2.56. Scottish Public Finance Manual**

2.57. The Scottish Funding Council (SFC) issued in February 2016 guidance to colleges and regional strategic bodies on meeting the requirements in the Scottish Public Finance Manual (SPFM) in relation to severance schemes and settlement agreements. The guidance was for Principals and directors of Scotland's colleges and regional strategic bodies. The guidance states that Colleges and regional strategic bodies must familiarise themselves with the requirements set out in the SPFM. It states that it is particularly important for those committees dealing with severance schemes and arrangements, for example the Remuneration Committee, and the Board to understand the implications of the SPFM. Colleges should ensure that all Board members and appropriate college personnel are provided with a copy of this guidance. The guidance requires that the Remuneration Committee, or equivalent Board committee, must undertake robust scrutiny of proposed severance schemes and settlement agreements before recommending approval to the Board. The guidance notes that there should always be a presumption against the use of settlement agreements and colleges will have to justify their use and require the completion of form (Annex C) submitted to the University as Regional Strategic body and SFC for approval.

2.58. The Governance Manual for Perth College UHI (approved by the Board in March 2016) details membership and the terms of reference of the Remuneration Committee. The Remuneration Committee is accountable to the Board of Management and is authorised on its behalf to consider and agree severance arrangements in respect of Senior Management post holders and ensure such arrangements are in accordance with SFC Guidance. Settlement agreements are not explicitly referenced in the Remuneration Committee Terms of Reference.

2.59. The Perth College UHI Principal confirmed that there were two Settlement Agreements where appropriate permissions were not sought, as there was no financial gain to the individuals beyond contractual entitlements. This was an error on the part of the Perth College UHI Principal and guidance from UHI is awaited on the process for retrospective permission. The Perth College UHI Principal has now confirmed completion of mandatory training provided by the Scottish Government on the issue of Settlement Agreements.

2.60. There was a lack of evidence to demonstrate robust scrutiny of settlement agreements, Board approval being sought, approval being sought from the University and SFC or adherence to the requirements of the SFC guidance and SPFM regarding settlement agreements.

**2.61. Recommendation**

2.62. *Ensure that the requirements established in the SFC guidance and SPFM regarding settlement agreements are implemented and complied with.*

**2.63. Financial Regulations**

- 2.64. The Colleges Financial Regulations were approved by the Board of Management on the 20 March 2013. The Financial Regulations do not reflect the College's current operating environment and require updating as they contain a number of references that were inaccurate or out of date. For example, the regulations do not reference the current Financial Memorandum between University and Perth College UHI and its requirements, they reference the prior Financial Memorandum between the Scottish Funding Council and Perth College.

**2.65. Recommendation**

- 2.66. *Review, update and communicate to all staff the Financial Regulations.*

**2.67. Financial Procedures**

- 2.68. There was a lack of robust documented procedures to set out financial and accounting processes. The procedures provided were very limited in scope. Those provided consisted of abridged lists of system-based instructions. They did not provide sufficient detail of tasks, roles and responsibilities or key control processes. Systems logins and passwords were also recorded in several of the procedure notes provided.

**2.69. Recommendation**

- 2.70. *To assist in the proper operation of the finance department, financial procedures should be documented. These should provide sufficient detail of tasks, roles and responsibilities and key control processes. Procedures should be prepared in a way that readily assists and facilitates knowledge transfer to new staff.*
- 2.71. *System login details and passwords should not be recorded in procedure notes.*

**2.72. Value for Money**

- 2.73. The College's Financial Regulations state under the heading Value for Money that 'it is a requirement of the Financial Memorandum that the Board of Management of Perth College is responsible for delivering value for money from public funds. It should keep under review its arrangements for managing all the resources under its control, taking into account guidance on good practice issued from time to time by SFC, Audit Scotland, the National Audit Office, the Scottish Parliament Audit Committee or other relevant bodies. Internal audit is to have regard to value for money in its programme of work. This will be used to enable the audit committee to refer to value for money in its annual report. These requirements are addressed within the Procurement Policy'. (See later section on Procurement paragraph 2.77).
- 2.74. The Audit Committee terms of reference<sup>3</sup> define the role of the committee for value for money as:
- 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.
  - 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.
  - 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.

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<sup>3</sup> Defined in the Perth College UHI Governance Manual

- 2.75. The 2018/19 planned internal audit review of Procurement and Creditors / Purchasing was not carried out as resources were reprioritised in year to allow additional work to be conducted on the Human Resources and Payroll review and the review deferred until 2019/20 (see paragraph 2.79).
- 2.76. The Internal Audit Annual Report 2018/19 was presented to the Audit Committee at its meeting on the 11 December 2019. The internal auditor's opinion provided was qualified with exceptions relating to significant issues surrounding the Human Resources and Payroll Systems audit and that the College had made limited progress in implementing the internal audit recommendations followed-up as part of their 2018/19 follow up reviews. The Internal Auditor found that with the exception of the issues highlighted above, that 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 2018/19 and in prior years since our first appointment in 1998/99.

## **2.77. Procurement**

- 2.78. The Head of Finance reported on the 10 September 2018 to the Chief Operating Officer the findings of a two-day audit carried out by Advanced Procurement for Universities and Colleges (APUC) of Perth College UHI's procurement systems, processes and procedures. APUC found that there were several areas of noncompliance. At the time the college could not demonstrate regulatory compliance under the Procurement Reform Act due to disorganised, incomplete and missing procurement documentation. This report was not provided to the Audit Committee (See recommendation 2.39 and 2.49)
- 2.79. At the 28 November 2018 Audit Committee meeting 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. The Four days originally allocated for a review of Procurement and Creditors / Purchasing in 2018/19 were reprioritised in year to allow additional work to be conducted on the HR and Payroll review and the review deferred until 2019/20.
- 2.80. The Audit Committee reviewed the Procurement Strategy and Annual Action Plan at its meeting on the 19 February 2019. The College Procurement Strategy outlined the College regulatory and operational requirements under the Procurement Reform (Scotland) Act as well as the aspirational aims of the Procurement function at the College. The paper had two parts: a review of procurement activity against the action plan for the year past (calendar year 2018) and the action plan continuing objectives for calendar year 2019. The strategy had the same three objectives as the prior year. The first objective states we will ensure fair and transparent opportunity for all current and potential suppliers including small and medium sized enterprises (SME's), third sector and voluntary organisations.
- 2.81. The Committee noted the paper which set out the review of procurement activity for the year past and the action plan for the 2019 calendar year. The Committee noted that in November 2018, the College decided to outsource procurement to APUC under their shared services scheme, and a new member of staff was currently being recruited to a new post. As a result, there would be much greater procurement and planning support as well as the ability to source suppliers from the APUC Framework.
- 2.82. At the time of this investigation information was requested on the college Procurement Policy and Procedures as well as procedures for awarding contracts without competition. Responses received from Perth College UHI confirmed that the Procurement Policy was in draft at December 2019 and that procurement procedures need updating. A non-competitive action policy was also in draft at December 2019.



- 2.83. At the 27 February 2019 Finance and General Purpose Committee a verbal update was provided on tenders - catering contract and residences by the Head of Estates and the Depute Principal (Academic). On the basis of this verbal report the Committee agreed to recommend to the Board the extension of the catering contract tender for a further year. The committee noted this would provide sufficient time for a tender timeline to be established and the advert to be placed in the Official Journal of the European Union (OJEU). The residences tender would also be extended for one year.
- 2.84. The Interim Head of Finance provided a spend analysis report which detailed a large volume of procurement expenditure that was recorded as non-compliant, had no contract, spend type reoccurring, had no exercise completed and require retendering<sup>4</sup>. The catering contract tender referenced above was the highest value supplier listed in the spend analysis as non-compliant.
- 2.85. There was evidence to suggest that procurement processes require review in order to provide assurance that they are compliant and assist in demonstrating value for money. Procedures should be implemented to ensure the requirements of the Financial Memorandum regarding proposals to award a contract greater than £25K without competition (non-competitive action) are approved, through the University, in advance of the SFC.
- 2.86. Recommendation**
- 2.87. *That the planned Internal Audit review of Procurement is carried out without delay to provide assurance that the College procurement processes are fit for purpose.*
- 2.88. *That the Procurement Policy and Procedures as well as procedures for awarding contracts without competition are finalised and communicated to appropriate staff.*
- 2.89. *That processes are implemented to ensure that the requirements of the Financial Memorandum are followed. 'Any proposal to award a contract without competition (non-competitive action) must be approved, through the University, in advance by SFC. Specific delegated authority is given to award a contract without competition for £25,000 or less without advance approval'.*
- 2.90. Risk Management**
- 2.91. The Audit Committee approved the risk appetite in September 2018. The Risk Appetite states that the portfolio of risk will be regularly reviewed by the Senior Management Team, Audit Committee and the Board of Management. At its 10 October 2018 meeting the Board did not formally review the risk appetite however it did note the Audit Committee Minute of the 10 September 2018.
- 2.92. The College risk register was prepared at a senior management level. The College does not have a risk identification process where departments, teams and projects identify, record and report risks that feed into an overarching college risk register. The current process reduces the transparency of the college's risk environment as departments, teams and projects are not actively contributing to the identification of risk on the College Risk Register.
- 2.93. Information Communications Technology (ICT) risks were included in the risk register on the 19 February 2019 as these were previously held in a separate risk register.
- 2.94. The Audit Committee routinely received and reviewed the risk register at each of its meetings. Review of the Board papers between June 2018 and October 2019 found that the Board had not received the risk register, at its December 2019 the Board reviewed the risk register. The Finance and General Purposes Committee had not received the risk register between May 2018 to 11 December 2019.
- 2.95. The following new risks were added to the risk register in December 2019:
- Risk 26 - Payroll: following the Internal Audit report and actions received by the Board, this risk area provides detail on progress to date and further actions required.
  - Risk 27 – Deferred Income: As discovered during 2018/19, this risk area highlights the potential impacts to the College should there be a challenge to the approach adopted.

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<sup>4</sup> Detail testing was not carried out by the UHI Head of internal Audit to verify the accuracy of this submission.

- Risk 28 – Procurement: Identified and commissioned as an area of investigation for Internal Audit during 2019/20.

**2.96. Recommendation**

- 2.97. *The College should review its risk management processes to ensure that risk identification processes are robust. Consideration should be given to departments, teams and projects establishing processes to identify, record and report on risks that feed into the overarching college risk register.*
- 2.98. *The Finance and General purposes committee should also review the risk register at regular intervals.*
- 2.99. *The Board should regularly review the risk register and ensure that risks are being managed in accord with its risk appetite.*

**2.100. Code of Good Governance for Scotland's Colleges**

- 2.101. The Clerk to the Perth College UHI Board confirmed that the evidence base for providing justification of compliance with the Code of Good Governance for Scotland's Colleges had not been prepared or reviewed ahead of the year end and would not have been in place to meet the required timescales of preparing and finalising the accounts for the year end.

**2.102. Recommendation**

- 2.103. *A robust evidence base to demonstrate compliance with the Code of Good Governance for Scotland's Colleges should be completed for scrutiny of the Audit Committee and the Board ahead of preparation of the governance statement in the annual accounts.*

### 3. CONCLUSION

- 3.1. The Head of Finance had reported concerns to the Chair of the Board prior to reporting them to Audit Scotland. The Chair of the Board was mindful of the difficulty of the situation and the strained working relationships between the Head of Finance and College Senior Management Team and sought to use an informal confidential process as a mechanism to try and facilitate a resolution to the situation. The Head of Finance agreed to participate with the informal confidential process established by the Chair and was advised that concerns could be reported formally. It is the UHI Head of Internal Audit's opinion that the alleged areas of concern reported to the Chair of the Board fell within the scope of the College's Whistleblowing Policy. However, the college lawyers saw no reason why the Chair of the Board could not proceed to try and resolve this informally in the first instance. The Perth College UHI Principal confirmed that the legal advice indicated that this was not whistleblowing and that an informal resolution would be acceptable acknowledging that the individual could ask at any point for the issue to be considered as whistleblowing.
- 3.2. There was evidence of significant issues surrounding high staff turnover in both the Finance and Human Resources teams. The staffing issues were in existence before the appointment of the Head of Finance. The Chief Operating Officer undertook the role of senior financial officer and left the College at the end of December 2018 and the post of Chief Operating Officer was not replaced. The Head of Finance then reported to the Vice Principal External after the Chief Operating Officer left, taking on some of the responsibilities of the more senior role. The Perth College UHI Principal was of the view that this was a minimal change of duties. A lack of awareness of the requirements of the Financial Memorandum between the University and Perth College UHI as well as the Scottish Public Finance Manual has led to several areas of non-compliance. Key supporting documentation that would aid compliance and assist staff in performing their roles, such as the Financial Regulations, procurement policies and financial procedures require update or further development. These factors have contributed to a weakened control environment due to loss of, or gaps in organisational knowledge, inhibition of effective team working, lack of knowledge transfer between staff and errors being made.
- 3.3. The college needs to improve processes to ensure transparency where potential issues are identified that could indicate control weaknesses and that these are formally reported (in the form of written reports) at the earliest opportunity to the Board (including through appropriate committees) and to the University as required under the Financial Memorandum. Formal investigations should be carried out to establish the facts, options for resolution presented for approval, action plans established, and implementation monitored.
- 3.4. Eighteen recommendations for improvement have been identified.

Draft Report Issued	6 February 2020
Main Report Accepted	21 February 2020
Action Plan Completed	27 February 2020

## Appendix A - Action Plan

Report Ref.	Recommendation for improvement in control	Agreed Management Action / Management Comment	Responsible Officer	Agreed completion Date
2.13	<i>Where a member of staff raises concerns that fall within the remit of the College Whistleblowing Policy that the Whistleblowing Policy is followed and that the Board is formally informed of the outcomes of the process.</i>	Perth College UHI will ensure all policies/procedures are followed.  The policy will be reviewed this year, going to F&GP for approval in May 2020 and then Board in June 2020.	Head of HR & OD	End June 2020
2.23	<i>Conduct a review and establish the reasons for high staff turnover in the Finance and Human Resources teams and ascertain whether any other departments or teams are in a similar situation.</i>	A review of staff turnover will be carried out and any policy changes/lessons learned will be identified, evaluated and implemented.	Head of HR & OD	End March 2020
2.24	<i>Ensure that monitoring statistics on staff turnover form part of the Human Resources report to the Finance and General Purposes Committee. Additional statistics on staff turnover should also be reported so that there is transparency surrounding any departments or teams with high staff turnover.</i>	Systems issues have been identified and are in the process of being fixed. Additional statistics on staff turnover will be analysed and evaluated.	Head of HR & OD	End March 2020
2.39	<i>Improve processes to ensure that where potential issues are identified that could indicate control weaknesses these are formally reported (in the form of written reports) at the earliest opportunity to the Board (including through appropriate committees) and to the University as required under the Financial Memorandum. Formal investigations should be carried out to establish the facts, options for resolution presented for approval, action plans established, and implementation monitored.</i>	All policies/ processes are subject to review as defined in our review schedule, this finding will be taken into account when individual policies/processes are reviewed as part of the cycle. Most process improvements have been highlighted in our internal auditor's report and will be addressed through the accompanying action plan.	Policy owners	As per schedule

Report Ref.	Recommendation for improvement in control	Agreed Management Action / Management Comment	Responsible Officer	Agreed completion Date
2.40	<i>The Board through the Audit Committee should seek assurance from the College Principal that Certificates of Assurance (including schedule of required assurances) provided to the Accountable Officer of the Scottish Funding Council to provide assurance to the Principal Accountable Officer of the Scottish Government are prepared robustly.</i>	This requirement will form part of the process which defines the steps in concluding our accounts sign off.	Clerk to the Board of Management	At appropriate time within the Board cycle
2.49	<i>Management should provide timely information in the form of written papers to all relevant committees as well as the Board to enable absolute transparency surrounding issues as well scrutiny of any decisions making, or action proposed or required. The Board should be regularly provided with the management accounts and the college risk register.</i>	This requirement will be built into our way of working going forward. The risk register is now present at multiple board committees and is updated regularly. All board papers are disseminated 1 week before the committee.	All authors of Board papers	Immediate
2.55	<i>Ensure that the requirements of the Financial Memorandum between the College and the University are communicated to all relevant staff and that that processes are implemented to ensure compliance.</i>	An appropriate communication will be sent to all relevant staff members. For new members of staff (appropriate), this will be included in their induction.	Interim Head of Finance	End March 2020
2.62	<i>Ensure that the requirements established in the SFC guidance and SPFM regarding settlement agreements are implemented and complied with.</i>	This will be implemented immediately; the Principal has undertaken the mandatory training as required by Scottish Government.	Principal	Immediate
2.66	<i>Review, update and communicate to all staff the Financial Regulations.</i>	This will be reviewed, and training provided to all relevant staff.	Head of HR & OD/Interim Head of Finance	End July 2020

Report Ref.	Recommendation for improvement in control	Agreed Management Action / Management Comment	Responsible Officer	Agreed completion Date
2.70	<i>To assist in the proper operation of the finance department, financial procedures should be documented. These should provide sufficient detail of tasks, roles and responsibilities and key control processes. Procedures should be prepared in a way that readily assists and facilitates knowledge transfer to new staff.</i>	These procedures will be reviewed with the staff in the Finance team to ensure an accurate reflection of the processes to ensure smooth handover. A more detailed induction process will also be developed for all new staff.	Vice Principal	End April 2020
2.71	<i>System login details and passwords should not be recorded in procedure notes.</i>	Noted. This has now been rectified.		Completed
2.87	<i>That the planned Internal Audit review of Procurement is carried out without delay to provide assurance that the College procurement processes are fit for purpose.</i>	This forms part of the schedule of work for the current year.	Principal	End July 2020
2.88	<i>That the Procurement Policy and Procedures as well as procedures for awarding contracts without competition are finalised and communicated to appropriate staff.</i>	APUC have completed the draft documentation for discussion/agreement. This will now go through the Board approval process.	Vice Principal	End March 2020
2.89	<i>That processes are implemented to ensure that the requirements of the Financial Memorandum are followed. 'Any proposal to award a contract without competition (non-competitive action) must be approved, through the University, in advance by SFC. Specific delegated authority is given to award a contract without competition for £25,000 or less without advance approval'</i>	Noted – this is incorporated in action 2.88.	Interim Head of Finance	As above

Report Ref.	Recommendation for improvement in control	Agreed Management Action / Management Comment	Responsible Officer	Agreed completion Date
2.97	<i>The College should review its risk management processes to ensure that risk identification processes are robust. Consideration should be given to departments, teams and projects establishing processes to identify, record and report on risks that feed into the overarching college risk register.</i>	This process has been on-going through the current year's Board cycle and will be completed and reviewed at the end of the cycle.	Clerk to the Board of Management	End of Board cycle 2019/20
2.98	<i>The Finance and General purposes committee should also review the risk register at regular intervals.</i>	Noted – as above.	Clerk to the Board of Management	End of Board cycle 2019/20
2.99	<i>The Board should regularly review the risk register and ensure that risks are being managed in accord with its risk appetite.</i>	Noted – as above.	Clerk to the Board of Management	End of Board cycle 2019/20
2.103	<i>A robust evidence base to demonstrate compliance with the Code of Good Governance for Scotland's Colleges should be completed for scrutiny of the Audit Committee and the Board ahead of preparation of the governance statement in the annual accounts.</i>	This will be amended immediately and incorporated in the accounts process for 2019/20.	Clerk to the Board of Management/Vice Principal	Immediate

## Perth College UHI

Paper No. 5

<b>Committee</b>	Board of Management
<b>Subject</b>	Audit Action Plan
<b>Date of Committee meeting</b>	18/03/2020
<b>Author</b>	Kirsty Campbell, Project & Planning Officer
<b>Date paper prepared</b>	05/03/2020
<b>Executive summary of the paper</b>	<p>The attached paper provides Committee with the DRAFT Project Status Table for the combined Audits Action Plan.</p> <p>Committee's views are sought on the layout and format of the Status Table.</p> <p><b>The following points are to be noted:</b></p> <ul style="list-style-type: none"> <li>• This document remains a work in progress, and it is expected that additional lines will require to be added. In addition, a Culture stream is planned for addition.</li> <li>• The Table shows the top-line information only; the full document includes planning mechanisms, workflows, etc.</li> </ul>
<b>Consultation</b> How has consultation with partners been carried out?	<p>Action Leads were consulted to provide information and context where available.</p> <p>An updated version of this document is due to be tabled at the Board of Management meeting, 18 March 2020.</p>
<b>Action requested</b>	<input checked="" type="checkbox"/> For information only <input checked="" type="checkbox"/> For discussion <input type="checkbox"/> For recommendation <input type="checkbox"/> For approval



## Perth College UHI

<b>Resource implications</b> (If yes, please provide details)	No
<b>Risk implications</b> (If yes, please provide details)	No Click or tap here to enter text.
<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>	Paper collates areas recognised as risks to the College.
<u><b>Equality and diversity</b></u> Yes/ No If yes, please give details:	No
<b>Island communities</b> 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)?	No If yes, please give details: Click or tap here to enter text.

## Perth College UHI

<b><u>Data Protection</u></b> Does this activity/ proposal require a Data Protection Impact Assessment?	No  Click or tap here to enter text.
<b>Status</b> (e.g. confidential/non confidential)	Non-Confidential
<b>Freedom of information</b> Can this paper be included in "open" business?	Open business

\* 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.

Further guidance on application of the exclusions from Freedom of Information legislation is available via:

<http://www.itspublicknowledge.info/ScottishPublicAuthorities/ScottishPublicAuthorities.asp>

and

[http://www.itspublicknowledge.info/web/FILES/Public\\_Interest\\_Test.pdf](http://www.itspublicknowledge.info/web/FILES/Public_Interest_Test.pdf)

**Audit Action Plan Project Status Table**

Ref	Project	Lead	Timescale	Source	Current Status	Status Update
<b>Finance Action Plan</b>						
1	Commission internal Audit Action Plan	VPEE/PPO	Feb-20	EY Appendix D: 7	In progress	
2	Utilise the programme of internal and external audits	HoF	Dec-20		In progress	
3	Positively engage with Auditors (UHI/ Internal/ External)	HoF	Feb-20		In progress	
4	Relevant staff informed of steps to be taken from Audit Action Plan	P&CE/VPEE	Feb-20	EY Appendix D: 7	Complete	
5	Utilise the Risk Register as a proactive tool to inform internal and external audit plan	HoF				
6	Review Finance staffing structure	HoF	Feb-20	EY Appendix D: 1 & 5	Complete	All positions are now filled with the exception of the Interim Head of Finance who is appointed to a fixed-term contract pending a revised structure
7	Appoint Finance Director	HROD	Mar-20	EY Appendix D: 1 & 5	In progress	Appointment of Director of Finance approved by Remuneration Committee Feb-20.
8	Complete transition to Government Bank Service	HoF	Mar-20	EY Appendix D: 7	In progress	
9	Review and Improve Induction Process for all staff	HROD	Dec-20	EY Appendix D	In progress	
10	Implement a documented set of financial procedures for the Finance Team	VPEE	Apr-20	UHI Action Plan: 2.70	In progress	These will be reviewed with team members to ensure accurate reflection of processes, aligned with review of induction procedures for new
11	Secure storage of system logins and passwords		Feb-20	UHI Action Plan: 2.71	Complete	This has been rectified with logins/passwords no longer kept alongside procedures
12	Implement Training Needs Analysis and CPD for Finance Team	HoF	Dec-20	EY Appendix D: 5	In progress	
13	Generate £600k savings within 2019/20 budget to achieve a balanced budget	HoF	Jun-20		In progress	College consultation process is currently underway
14	Develop a robust 2020/21 budget plan	HoF	May-20		In progress	
	FFR to be presented in a timely manner to allow Board sufficient scrutiny	HoF	Sep-20	EY Appendix D: 9	In progress	This will be carried out through closer scrutiny of the risk attached to the draft International and Business Development Strategies
15	Revisit assumptions within Financial Forecast Return (FFR) 2019 to 2024	HoF	Sep-20	EY Appendix D: 9	In progress	
16	Develop scenario planning, modelling and fiscal/budget assumptions	HoF	Sep-20	EY Appendix D: 10		
17	Implement scenario planning exercise with College Board	HoF/BOM	Sep-20	EY Appendix D: 9		
18	Undertake CMT and BOM development sessions for FFR	HoF	Jul-20	EY Appendix D: 10		
19	Implement combined financial reports	HoF/VPEE	Jul-20			
20	Complete impact assessment on implementation of the revised Statements of Recommended Practice (SORP)	HoF	Jul--20	EY Appendix D: 4		
21	Create a common costing model across all strands of income	HoF/VPEE	Jul--20			

22	Provide financial reports and metrics to support AST Board reporting	HoF/VPEE	Jul--20			
23	Create and implement a financial plan for the Aviation Academy for Scotland	HoF	Jul--20			
24	Provide timely financial reports and metrics to Board and Committees	HoF/BOM	Feb-20	EY Appendix D: 6		
25	Implement an information pack to manage the business	HoF/BOM/ Budget Holders	Dec-20	EY Appendix D: 6		
26	Effective communication of the Financial Memorandum between College and University to relevant college staff	HoF	Mar-20	UHI Action Plan: 2.55		A communication will be sent to relevant staff and will be included in the induction process for new staff
27	Update college Financial Regulations approved by BOM March 2013	HoF/BOM	Jul-20	UHI Action Plan: 2.66		
28	Communicate Financial Regulations to all staff	HoF	Jul--20	UHI Action Plan: 2.66		This will be reviewed and training provided to all staff
29	Complete all statutory financial returns to government and funding bodies	HoF	Jul-20			
30	Proactively engage with UHI as the Regional Strategic Body	HoF	Jun-20			
31	Increase engagement with UHI Finance	HoF	Jun-20	EY Appendix D: 9		
32	Create KPI financial sustainability metrics for the Balanced Scorecard	HoF/PPO	Jun-20			
33	Develop a transition plan to move from manual to electronic processes	HoF	Jul--20	EY Appendix D : 7		
34	Reduce Manual Processes	HoF	Sep-20	EY Appendix D: 1		
35	Implement improved management of cash flow	HoF	Jul-20			
36	Develop a revised approach and timetable for the production of financial statements/YE processes	HoF	Jul-20	EY Appendix D: 1 & 7		
37	Improve year end efficiencies	HoF	Aug-20	EY Appendix D: 1		
38	Prepare audit ready year end accounts in compliance with the Code of Good Governance	HoF	Aug-20	EY Appendix D		
39	Implement quality control and review processes across all transactions	HoF	Sep-20	EY Appendix D: 2		
40	Implement an improved budgeting and contract management process	HoF/VPEE	Jun-20	EY Appendix D: 3		
41	Improve communication between Finance and College Teams	HoF	Jun-20	EY Appendix D: 3		
42	Carry out planned internal audit review of procurement	P&CE	Jul-20	UHI Action Plan: 2.87	In progress	Agreed calendar of internal audits for 2020 is in progress
43	Put APUC contract in place	VPEE	Feb-20	EY Appendix D: 14	Complete	
44	Approve and implement the College's Procurement Strategy	HoF/APUC/ VPEE	Jul--20	EY Appendix D: 14 UHI Action Plan: 2.88	In progress	Draft procedure/policy going to Audit Committee for approval on 10 March
45	Approve and implement the College's Procurement Policy	HoF/APUC/ VPEE	Jul--20	EY Appendix D: 14 UHI Action Plan: 2.88	In progress	Draft procedure/policy going to Audit Committee for approval on 10 March
46	Implement procurement process for non-competitive action	HoF	Mar-20	UHI Action Plan: 2.89		This is incorporated into draft Procurement Policy/Procedure going to March Audit Committee for approval
47	Implement compulsory PO's across all supplies and services	HoF/APUC	Jul--20	EY Appendix D: 14		

48	Implement greater supplier management systems	HoF/FinAsst	Jul-20			
49	Implement Procurement Training across all teams	HoF/APUC/HROD	Aug-20	EY Appendix D: 14 UHI Action Plan:		
50	Update procurement contracts register to track 3 year contract values	VPEE/APUC	Jul--20	EY Appendix D: 14		
51	Re-tender non-compliant contracts	VPEE/APUC	Jul--20	EY Appendix D: 14		
52	Implement NFI self-assessment form	HoF	May-20	EY Appendix D: 8		Self-assessment form agreed and launched
53	Update Fraud Response Plan	HoF	Jun-20	EY Appendix D: 8		
54	Implement Fixed Asset Register	HoF/HoE	Jul-20	EY Appendix D: 7		To ensure up to date financial systems are in operation
<b>Future Financial Planning</b>						
55	Review financial risk attached to Business Development Strategy	HoF/VPEE	Jun-20	EY Appendix D: 9		
56	Review financial risk attached to International Strategy	HoF/VPEE	Jun-20	EY Appendix D: 9		
57	Review financial risk attached to Scholarship and Research Strategy	HoF/VPEE	Jun-20	EY Appendix D: 9		
<b>Payroll Systems</b>						
58	Implement payroll action plan	Payroll/HROD	Feb-20	2018/19 Internal Audit: R1	Complete	
59	Ensure differences between gross salaries on HR & Payroll systems are rectified	Payroll/HROD	Dec-19	2018/19 Internal Audit: R1	Complete	A monthly review following each payroll run is carried out to identify and amend any real time errors
60	Consider an annual reconciliation between gross salaries on HR & Payroll systems	Payroll/HROD	Dec-19	2018/19 Internal Audit: R1	Complete	A monthly review following each payroll run is carried out to identify and amend any real time errors
61	Amend payroll user rights to ensure appropriate levels of access/currency/accuracy	Payroll/HROD	Oct-19	EY Appendix D: 7 2018/19 Internal Audit: R2	Complete	Payroll Manager deleted the old user names leaving only themselves, Payroll Asst, and secondary Supervisor with user rights
62	Strengthen controls around variations to staff salaries	Payroll/HROD	Feb-20	EY Appendix D: 7 2018/19 Internal Audit: R4	Complete	From November Head of HR&OD will physically sign a hard copy of the final tracker document, prior to this being scanned and sent to Payroll Manager. Any changes made after the tracker is sent must have the Head of HR
63	Implement more robust procedures to calculate union/pension employee deduction	Payroll/HROD	Dec-19	2018/19 Internal Audit: R3	Complete	A review was carried out to check and amend bandings to reflect any salary changes
64	Implement more robust systems to ensure that payroll amounts are correctly calculated	Payroll/HROD	May-20	2018/19 Internal Audit: R5	In progress	HR team will create an error log signed off by Head of HR&OD as an interim measure to understand any errors/learning from the process/procedure. Future actions include looking at the high number of pay elements defaulted onto employee records which increases the opportunity for error
65	Provide formal training to the Payroll Finance Assistant	Payroll/HROD	May-20	2018/19 Internal Audit: R5	In progress	This will form part of the training needs analysis and cpd action plan for the Finance Team
66	Rectify errors in NI	Payroll/HROD	Jun-20	EY Appendix D: 7	In progress	An issue has been identified of incorrect NI contributions for both employer/employee for staff members with multiple posts

67	Inform staff of errors in NI payments	Payroll/HROD	Apr-20	EY Appendix D: 7 2018/19 Internal Audit Report: R9	In progress	The number of staff whose multiple tax codes comes to over S1250L is now 2. Staff are completing additional new starter checklists to prevent this happening for new staff
68	Introduce payroll checklist mechanisms	Payroll/HROD	Feb-20	EY Appendix D: 7 2018/19 Internal Audit R7	Complete	System in place for independent sign off of payroll checklists each month
69	Ensure that variance reports have been checked and signed off	Payroll/HoF	May-20	2018/19 Internal Audit: R6	In progress	The current report has been identified as not fit for purpose. Using the Payslip summary report to check would be more effective in identifying
70	Consider an independent check of the Payroll Team's own payroll salaries	Payroll/HoF	Dec-19	2018/19 Internal Audit: R6	Complete	There has to be an element of trust that Payroll staff are not processing overpayments to themselves. The payroll reports used by the
71	Ensure regular reconciliation of payroll accounts	HoF/Fin Acctnt	May-20	2018/19 Internal Audit: R8	In progress	Payroll Manager/College Financial Accountant looking to carry out monthly reconciliations of payroll accounts as part of closing down payroll period for the month. Further progress required.
72	Invest in a managed service for Ciph	Payroll/HROD	Feb-20	EY Appendix D: 7	Complete	One year managed service now in place
73	Carry out internal audit of pensions and tax payments	Payroll/HROD	Feb-20	EY Appendix D: 7	Complete	
74	Voluntary disclosure to HMRC on internal control issues eg tax payments & pensions contributions	Payroll/HROD	Feb-20	EY Appendix D: 7	Complete	
75	Pension - 2 contracts	Payroll/HROD				
76	Lump Sum	Payroll/HROD				
<b>HR Systems</b>						
77	Review of high staff turnover in Finance & HR	HROD	Mar-20	UHI Action Plan: 2.23	In progress	
78	Incorporate formal processes for 'movers' into existing starter/leavers processes	HROD	May-20	2018/19 Internal Audit	In progress	Monthly change report will be implemented from May 2020 once work in
79	Roll out training on Financial Regulations to all staff	HROD/HoF/BOM	Jul--20	UHI Action Plan: 2.66	Not yet started	This will be done once the review and approval of the College Finance Regulations has been completed by HoF/BOM
<b>Governance and Board of Management</b>						
80	Review College Risk Register process	P&CE/Clerk to BOM	Jun-20	EY Appendix D: 11 UHI Action Plan: 2.97. 2.98	In progress	Process has been reviewed and is managed by the Clerk to the Board. The process has been on-going through current year's Board cycle and will be reviewed at the end of the academic year
81	College Board to regularly review Risk Register and ensure risks are in accord with risk appetite	Clerk to BOM/BOM	Jun-20	EY Appendix D: 11 UHI Action Plan: 2.99	In progress	Process has been reviewed and is managed by the Clerk to the Board. The process has been on-going through current year's Board cycle and will be reviewed at the end of the academic year
82	Review College Annual Governance Plan	P&CE/Clerk to BOM	Jul-20	EY Appendix D: 11		
83	Include financial monitoring updates on Board agendas	P&CE/Clerk to BOM	Jul--20	EY Appendix D: 11		
84	Compliance with requirements set out by SFC and SPRM re settlement agreements	P&CE	Feb-20	UHI Action Plan 2.62		This will be implemented with immediate effect; the College Principal has completed the mandatory training required by the Scottish Govt.
85	Review process for reporting and approval of settlement agreements by Board	P&CE/Clerk to BOM	Jul--20	EY Appendix D: 11	In progress	



86	Review college Governance Statement	P&CE/Clerk to BOM	Jul--20	EY Appendix D: 12	In progress	This will be incorporated with immediate effect into the accounts process for 2019/20
87	Provision of robust evidence base demonstrating compliance with Code of Good Governance to Audit Committee and BOM as part of preparation of governance statement	Clerk to BOM	Feb-20	UHI Action Plan: 2.103	In progress	This will be incorporated with immediate effect into the accounts process for 2019/20
88	Implement further improvements to Balanced Scorecard	P&CE/Clerk to BOM	Jul--20	EY Appendix D: 13	In progress	
89	Include staff turnover HR report to Finance & General Purposes Agenda	HoHR&OD/ Clerk to BOM	Mar-20	UHI Action Plan: 2.24	In progress	
90	Timely management reporting to relevant committees	SMT/CMT/Clerk to BOM et al	Feb-20	UHI Action Plan: 2.49	In progress	This requirement will form part of a new college approach to management reporting.
91	Timely management accounts reporting to Board and committees	SMT/CMT/Clerk to BOM et al	Feb-20	UHI Action Plan: 2.49	In progress	This requirement will form part of a new college approach to management reporting.
92	Report outcomes of Whistleblowing Procedure to Board	P&CE/BOM	Jun-20	UHI Action Plan: 2.13	In progress	System issues have been identified and in the process of being fixed, this will remedy the problem and allow for full reporting
93	Review of Whistleblowing Policy to go to F&GP for approval	HROD	Jun-20	UHI Action Plan: 2.13	In progress	
94	Confirm robustness of Certificates of Assurance with Audit Committee & Board	Clerk to BOM	Mar-20	UHI Action Plan: 2.40	In progress	This requirement will form part of the process for accounts sign-off
95	Ensure control issues, ie material non-compliance are formally reported to Board & Committees	P&CE	Jun-20	UHI Action Plan: 2.39	In progress	
96	Ensure control issues ie material non-compliance, are formally reported to the UHI as required under Financial Memorandum	P&CE	Feb-20	UHI Action Plan: 2.49	In progress	
97	Implement formal investigations of control issues ie issues of material non-compliance	P&CE	Feb-20	UHI Action Plan: 2.49	In progress	
<b>Equality Action Plan</b>						
98	Embed equality actions are built into self-evaluation and operational objectives processes Direct academic team focus to courses with >25% gender gap	SMT/PPO/E&D	Dec-20	2018/19 Internal Audit: R3	In progress	Will be built into guidance for 2020/21 team self-evaluation and operational objectives processes
99	Develop an Equality and Diversity Strategy	HROD	Mar-20	2018/19 Internal Audit: R1	In progress	Covered by Equalities Mainstreaming Report and action plan due for publication by the end of March 2020.

100	Develop an Equality and Diversity operational plan	HROD	Mar-20	2018/19 Internal Audit: R2	In progress	Covered by Equalities Mainstreaming Report and action plan due for publication by the end of March 2020.
101	Benchmarking of college protected characteristics statistics for staff and students	HROD, HoSE, E&D	Feb-20	2018/19 Internal Audit: R4	Complete	
102	For staff and students, identify areas with disproportionately low representation by those with protected characteristics	HROD, HoSE, E&D	Feb-20	2018/19 Internal Audit: R4	Complete	Analyse impact of related EREP 2019-21 areas for development
103	Publish a map of equalities documents showing how they relate to one another	HROD, E&D	Mar-20	2018/19 Internal Audit: R5	In progress	Covered by Equalities Mainstreaming Report and action plan due for publication by the end of March 2020.
104	Review and clarify remit of EDIT	HROD, E&D	Nov-19	2018/19 Internal Audit: R6	Complete	The work commenced at November 2019 EDIT meeting has now been completed
105	Clarify and implement role of Equality Champions	HROD, E&D	Jun-20	2018/19 Internal Audit: R7	In progress	Paper setting out Equality Champion role/purpose presented to SMT and EDIT autumn 2019. Discussions have taken place at staff conference, at EDIT and with HISA. Revised completion date 30 June 2020
106	Review the Equality Impact Assessment (EIA) process to ensure all policies and procedures are compliant	HROD, E&D, Quality	Jun-20	2018/19 Internal Audit: R8	In progress	Quality Office hold the master schedule of policies and procedures. All policies under review will have an EIA, and a accessible record kept centrally by Quality. A new full EIA form is being drafted.
107	Review and check for accuracy calculations for the College's equalities reports	HROD	Mar-20	2018/19 Internal Audit: R9	In progress	The reports created by the E&D Adviser are checked by the Head of HR&OD. Report is due by end of March 2020.
<b>Policies and Procedures</b>						
108	Review master schedule of policies and procedures		Jun-20			
109	Set up SLWG looking at approval process for policies and procedures	Quality Manager/Clerk to BOM	Mar-20		In progress	Members for this SLWG have been identified and a meeting will be scheduled for March 2020
<b>Communications</b>						
110	Develop a Communications Strategy for internal and external stakeholder	VPEE/ Marketing	Aug-20			This is a key objective for VPEE
111	Take forward staff Intranet Project		Mar-20			
<b>Public Sector Reporting Duties</b>						
112	Publish annual gross carbon footprint on college website	Estates/FOI	Jun-20			Information is currently reported externally through Sustainable Network portal and internally through the college's Balanced Scorecard



## Perth College UHI

Paper No.6

<b>Committee</b>	Board of Management
<b>Subject</b>	Perth College Mid-Year Return 2019-20
<b>Date of Committee meeting</b>	18/03/2020
<b>Author</b>	Graham Little, Interim Head of Finance
<b>Date paper prepared</b>	12/03/2020
<b>Executive summary of the paper</b>	The paper sets out the Month 6 Management Accounts for 2019/20.
<b>Consultation</b> How has consultation with partners been carried out?	N/A
<b>Action requested</b>	<input checked="" type="checkbox"/> For information only <input checked="" type="checkbox"/> For discussion <input type="checkbox"/> For recommendation <input type="checkbox"/> For approval
<b>Resource implications</b> (If yes, please provide details)	<del>Yes</del> / No
<b>Risk implications</b> (If yes, please provide details)	Yes/ No Failure to deliver this outturn will put the College's financial sustainability at risk.
<b>Link with strategy</b> Please highlight how the paper links to the Strategic Plan, or assist with:	Consistent with the College's overall financial strategy.

## Perth College UHI

<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>	
<p><b><u>Equality and diversity</u></b></p> <p>Yes/ No</p> <p>If yes, please give details:</p>	<p><del>Yes</del>/ No</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><del>Yes</del>/ No</p> <p>If yes, please give details:</p> <p>Click or tap here to enter text.</p>
<p><b><u>Data Protection</u></b></p> <p>Does this activity/ proposal require a Data Protection Impact Assessment?</p>	<p><del>Yes</del>/ No</p> <p>Click or tap here to enter text.</p>
<p><b>Status</b> (e.g. confidential/non confidential)</p>	<p>Non-Confidential</p>
<p><b>Freedom of information</b></p> <p>Can this paper be included in “open” business?*</p>	<p>Yes/<del>No</del></p>

\* If a paper should **not** be included within ‘open’ business, please highlight below the reason.

## Perth College UHI

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.

Further guidance on application of the exclusions from Freedom of Information legislation is available via:

<http://www.itspublicknowledge.info/ScottishPublicAuthorities/ScottishPublicAuthorities.asp>

and

[http://www.itspublicknowledge.info/web/FILES/Public\\_Interest\\_Test.pdf](http://www.itspublicknowledge.info/web/FILES/Public_Interest_Test.pdf)

# Board of Management

## Management Accounts

### Six Months to 31<sup>st</sup> January 2020

## 1. OVERVIEW

The report sets out the College Management Accounts for the period August – January 2020. The College is slightly ahead of the budgeted I&E position to Qtr2 Aug-Jan 20, reporting a positive variance against budget of £72k at the bottom line. This has arisen due to small underspends on both pay and non-pay costs offsetting a slight underachievement of income.

I&E Structure	Final Manaccs	Actuals 2019-20 Qtr2 £'000	Budget 2019-20 Qtr2 £'000	Budget v Actual £'000
<b>Income</b>				
	Funding Council Grants excluding Research based	-7904	-7949	(45)
	Tuition Fees & Education Contracts	-1753	-1962	(209)
	Catering & Residences	-638	-595	43
	European Income			0
	UHI Non Recurrent Income	-74	-82	(8)
	Other Income Generating Activities	-656	-864	(208)
	Research Centre Activity Income & Grant Funding	-156	-59	97
	Release of Deferred Capital Grant	-98	-98	0
	ASW & Climbing Wall	-263	-247	16
	Other Income	-480	-321	160
	Bursary/ Hardship Grant (Excluding Childcare)	-1373	-1252	122
	ALF			0
<b>Income Total</b>		<b>-13395</b>	<b>-13428</b>	<b>(33)</b>
<b>Pays</b>				
	Teaching Departments	5870	5918	48
	Teaching Support Services	931	1009	78
	Administration & Central Services	1069	1001	(68)
	Premises	397	443	45
	Other Income Generating Activities	263	262	(1)
	Research Centre Activity Income & Grant Funding	144	116	(29)
	ASW & Climbing Wall	227	206	(22)
<b>Pays Total</b>		<b>8901</b>	<b>8954</b>	<b>52</b>
<b>Non Pay Expenditure</b>				
	Teaching Departments	396	325	(71)
	Teaching Support Services	220	233	13
	Administration & Central Services	783	739	(44)
	Premises	711	786	75
	Catering & Residences	616	574	(42)
	Other Income Generating Activities	135	287	152
	Interest Payable	8	8	0
	Other Expenses - Childcare	148	268	120
	Research Centre Activity Income & Grant Funding	19	9	(10)
	ASW & Climbing Wall	111	92	(20)
	Depreciation	464	464	0
	Bursary/ Hardship Grant (Excluding Childcare)	1374	1252	(122)
<b>Non Pay Expenditure Total</b>		<b>4984</b>	<b>5036</b>	<b>52</b>
<b>Grand Total</b>		<b>490</b>	<b>561</b>	<b>72</b>

## 2. INCOME

Income is ahead of budget by £33k to Qtr2 with positive variances in Bursary Income £122K (matching expenditure) and Other Income £160K due to unbudgeted sources of income including within secondment recharges, student support ELS and in additional conference, hospitality income, Community Development Projects, Adult Literacy Project, Sale of Beauty Therapy Kits, Essential Student Equipment (bursary funded).

Income Steam	Actuals 2019-20 Qtr2 £'000	Budget 2019-20 Qtr2 £'000	Budget v Actuals Qtr2 £'000
Funding Council Grants excluding Research based	-7,904	-7,949	(45)
Tuition Fees & Education Contracts	-1,753	-1,962	(209)
Catering & Residences	-638	-595	43
UHI Non Recurrent Income	-74	-82	(8)
Other Income Generating Activities	-656	-864	(208)
Research Centre Activity Income & Grant Funding	-156	-59	97
Release of Deferred Capital Grant	-98	-98	0
ASW & Climbing Wall	-263	-247	16
Other Income	-480	-321	160
Bursary/ Hardship Grant (Excluding Childcare)	-1,373	-1,252	122
	<b>-13,395</b>	<b>-13,428</b>	<b>(33)</b>

## TUITION FEES

Income from HE and FE Tuition Fees are calculated on the assumption that the budgeted figure will be achieved with no information to suggest this will not be the case. There is however an adverse variance of £184k on Training Agency Income arising from milestones on Foundation Apprenticeships not yet drawn down, primarily due to contract changes in year.

Tuition Fees & Education Contracts	Actuals 2019-20 Qtr2 £'000	Budget 2019-20 Qtr2 £'000	Budget v Actual Qtr2 £'000
Further Education - Part Time	-33	-15	18
Higher Education - Full Time (SAAS)	-901	-1460	(560)
Higher Education - Full Time (Self Financing)	-263	0	263
Higher Education - Part Time	-313	-49	264
HIGHERS	-18	-3	15
Non Vocational	-28	-31	(3)
Open Learning - Further Education	-2	0	2
Open Learning - Higher Education	-8	0	8
OTHER INCOME	0	-4	(4)
Skillseekers	-27	-52	(25)
TRAINING AGENCY INCOME	-161	-345	(184)
Vocational - Higher Education	0	-4	(4)
	<b>-1,753</b>	<b>-1962</b>	<b>(209)</b>

## OTHER INCOME GENERATING ACTIVITIES

Total Commercial Income to Qtr2 is £656k and is lower than that budgeted by £208k. Within Business Management Computing & Leisure (BMCL), FSC06 Hospitality is behind budget by £8k while FSC09 Sport & Fitness is behind budget by £12K.

Engineering Science & Technology (EST), (now Science, Technology, Engineering & Maths (STEM)), is lower than budgeted by £96k to Qtr2, with the main areas being, FTC09 Engineering (£29k) and FT10 Electrical (£44k).

International Centre variance of £58k is a result of China partnerships that will begin in 2020/21 instead of 2019/20.

Language School commercial income is £61K to second Qtr. 6/12ths of the full time fee income has been taken into these accounts.

OIGA Area	Actuals 2019-20 Qtr2 £'000	Budget 2019-20 Qtr2 £'000	Budget v Actuals £'000
BMCL	-27	-57	(29)
CI	-38	-44	(7)
HESS	-54	-57	(3)
EST	-332	-428	(96)
International Centre	-4	-62	(58)
Language School - Comm Activity	-61	-66	(6)
Nursery	-140	-150	(10)
	-656	-864	(208)

## RESEARCH CENTRES

The Centre for Mountain Studies have generated £105k of income against a budget of £13k to Qtr2. This can arise due to projects SIMRA and Shape now completing and income has been released accordingly.

Subjective Description	Actuals 2019-20 Qtr2 £'000	Budget 2019-20 Qtr2 £'000	Budget v Actuals £'000
CONSULTANCY INCOME			0
Higher Education - Part Time	-13	-27	(14)
OTHER INCOME	-38	-18	19
RESEARCH INCOME	-105	-13	92
	-156	-59	97

### 3. EXPENDITURE


#### SALARY COSTS

The financial position for the six months to 31<sup>st</sup> January 2020 is an under spend of £52k, broken down as Professional Services £16k under spend and Academic £36k under spend.

Although the Professional Services staffing group are underspending, it should be noted that the historical savings target is contributing to a cost pressure of £65k and on-going issues around the NI contributions to staff with multiple pay codes are being accounted for centrally at c£4k per month. This is captured in the table below under the Administration and Central Services heading.

The two main concerns within the professional services areas are ASW (£22k) and Student Services (£23k) which are both currently overspending. ASW relates to a staff absence and the required use of additional bank staff hours for cover. Income shows only a corresponding £16k increase. Dialogue is ongoing between Finance and managers in both ASW and Student Services to assess any underlying issues and to ensure budgets are achieved and income is delivered in line with expenditure.

The Academic budget is currently £36k under spent, however this includes the £29k overspend in Research Centre Activity Income & Grant Funding which in turn is matched to the recovery of research income. Work is ongoing with sector managers and SDDs in order to review and understand ongoing financial implications and service delivery.

Staff Costs	Budget v Actuals		
	 Actuals 2019-20 Qtr2 £'000	Budget 2019-20 Qtr2 £'000	£'000
Teaching Departments	5,870	5,918	48
Teaching Support Services	931	1,009	78
Administration & Central Services	1,069	1,001	(68)
Premises	397	443	45
Other Income Generating Activities	263	262	(1)
Research Centre Activity Income & Grant Funding	144	116	(29)
ASW & Climbing Wall	227	206	(22)
	8,901	8,954	52

#### ADMINISTRATION & CENTRAL SERVICES

Overall, Administration & Central Services are overspent by £68k against their non-pay budget. The Senior Management Dept is currently showing a £17k underspend. Rebalancing costs of £11k are currently being charged to the HR department. The Information Services department is also underspending by £12k with no backfill costs currently being incurred.

Area	Actuals 2019-20 Qtr2 £'000	Budget 2019-20 Qtr2 £'000	Budget v Actuals £'000
Central Administration	31	-65	(96)
Development Trust	12	12	0
Finance Department	179	175	(4)
Health and Safety	19	19	0
Human Resources and Organisational Development	187	186	(1)
Information Systems	210	222	12
Marketing Department	55	59	3
Materials Development	52	53	0
Procurement	12	12	0
Senior Management	313	329	17
	<b>1,069</b>	<b>1,001</b>	<b>(68)</b>

## PREMISES

Premises costs are currently under spending by £45k for the first six months to January. There are two significant savings within the department, the decision to delay the appointment of a Head of Estates and the operational decision not to replace the Senior Caretaker. The hard facilities management underspend is directly related to the reduced hours of technicians. Two technicians have reduced by 0.2fte and 0.4fte respectively and this under spend is anticipated to continue for the remainder of the financial year.

Premises	Actuals 2019-20 Qtr2 £'000	Budget 2019-20 Qtr2 £'000	Budget v Actuals £'000
Halls of Residence	1	0	(1)
Property - Hard Facilities Management	36	46	10
Property - Soft Facilities Management	305	323	18
Property Costs - Central	56	74	18
	<b>397</b>	<b>443</b>	<b>45</b>

## NON-SALARY COSTS

Non-Salary costs total £3,609k to Qtr2 and are lower than budget by £175k. The largest contributors to this underspend of £152k is Other International Generating Activity being lower at this stage of the year than anticipated, Premises underspent against budget by £75k and Childcare spend being lower by £120k. Both Admin & Central Services and Teaching Departments are showing overspends to date, partly due to accelerated spend.



Category	Actuals 2019-20 Qtr2 £'000	Budget 2019-20 Qtr2 £'000	Budget v Actuals £'000
Teaching Departments	396	325	(71)
Teaching Support Services	220	233	13
Administration & Central Services	783	739	(44)
Premises	711	786	75
ASW & Climbing Wall	111	92	(20)
Catering & Residences	616	574	(42)
Other Income Generating Activities	135	287	152
Research Centre Activity Income & Grant Funding	19	9	(10)
Other Expenses - Childcare	148	268	120
Interest Payable	8	8	0
Depreciation	464	464	0
	<b>3,609</b>	<b>3,784</b>	<b>175</b>

## PREMISES

A breakdown of Premises spend is included below and shows a slight decrease of underspend to Qtr2 compared to Qtr1, with the majority of spend still being allocated for the Easter and Summer breaks, it is anticipated that the next quarter will show an increase in spend more closely aligned to budget.

Premises	Actuals 2019-20 Qtr2 £'000	Budget 2019-20 Qtr2 £'000	Budget v Actuals £'000
Property - Hard Facilities Management	428	477	49
Property - Soft Facilities Management	44	68	25
Property - Utilities	233	235	2
Property Costs - Central	5	5	(0)
	<b>710</b>	<b>786</b>	<b>76</b>

## ADMINISTRATION & CENTRAL SERVICES

Administration and Central Services non pay costs exceed budget to Qtr2 by £44K.

The largest overspend against budget has been incurred in Finance due to Agency Fees paid for the interim Financial Accountant and temporary Management Accountant with £35k being recognised as a non-pay cost. The Financial Accountant has been appointed and the temporary Management Accountant post has come to an end.

Other overspends are from Central Administration, which has higher than expected pension charges of £31K and Procurement of £24K which is bursary funded protective student equipment of which income has been accrued.

Area	Actuals 2019-20 Qtr2 £'000	Budget 2019-20 Qtr2 £'000	Budget v Actuals £'000
Central Administration	324	305	(19)
Development Trust	2	0	(2)
Finance Department	41	3	(38)
Health and Safety	1	10	9
Human Resources and Organisational Development	110	111	1
Information Systems	144	147	2
Marketing Department	12	30	18
Materials Development	86	79	(7)
Personnel Department			0
Procurement	51	32	(19)
Senior Management	13	23	10
	<b>783</b>	<b>739</b>	<b>(44)</b>

#### 4. CONCLUSION

The college will continue to monitor all items of income and expenditure closely to ensure a balanced financial position is delivered at year end. In particular the focus will be on the salary position against budget and more work is being prioritised to achieve more clarity in this area.

Additional business partnering is also being directed into areas of income achievement and cost control. Separately from the Management Accounts, work on the College's Mid-Year Return (MYR) and the Operating Budget for 2020/21 will inform the overall goal of achieving financial sustainability.


The College's Financial Forecasting Return (FFR), originally submitted in October 2019 is being resubmitted to UHI and SFC in order to ensure consistency with 2018/19 outturn and the 2019/20 budget.

**Graham Little**

Interim Head of Finance

12<sup>th</sup> March 2020



AUGUST 2019 - JANUARY 2020					
Management Accounts					
Actual 6 MONTHS to 31-01-2019	PERTH COLLEGE GROUP		Actual 6 MONTHS to 31-01-2020 £000's	Budget 6 MONTHS to 31-01-2020 £000's	Budget 12 MONTHS to 31-07-2020 £000's
	FINANCIAL STATEMENT				
	6 MONTHS to 31st January 2020				
	INCOME				
7,236	Funding Council Grants excluding Research based	7,904	7,949	15,897	
1,836	Tuition Fees & Education Contracts	1,753	1,962	3,924	
620	Catering & Residences	638	595	1,190	
0	European Income	0	0	0	
70	UHI Non Recurrent Income	74	82	164	
693	Other Income Generating Activities	656	864	1,728	
74	Research Centre Activity Income & Grant Funding	156	59	118	
98	Release of Deferred Capital Grant	98	98	196	
214	ASW & Climbing Centre Income	263	247	494	
500	Other Income	481	321	641	
11,340	INCOME SUB TOTAL	12,023	12,176	24,353	
1,239	Bursary/ Hardship Grant(Excluding Childcare)	1,373	1,252	2,503	
12,579	TOTAL INCOME	13,396	13,428	26,856	
	EXPENDITURE				
	Staff Costs				
5,267	Teaching Departments	5,870	5,918	11,835	
724	Teaching Support Services	930	1,009	2,018	
901	Administration & Central Services	1,069	1,001	2,002	
0	Restructuring costs	0	0	0	
414	Premises	397	443	886	
210	ASW & Climbing Centre	227	206	411	
286	Other Income Generating Activities	263	262	524	
120	Research Centres	144	116	231	
7,922	TOTAL STAFF COSTS	8,901	8,954	17,907	
	Non Staff Costs				
412	Teaching Departments	396	325	650	
190	Teaching Support Services	220	233	465	
762	Administration & Central Services	783	739	1,477	
619	Premises	710	786	1,572	
128	ASW & Climbing Centre	111	92	183	
637	Catering & Residences	617	574	1,148	
213	Other Income Generating Activities	135	288	575	
19	Research Centres	19	9	18	
100	Other Expenses - Childcare	148	268	536	
0	Student Support Funds Overspend (incl. Childcare)	0	0	0	
8	Interest Payable	8	8	15	
464	Depreciation	464	465	929	
3,552	NON STAFF COSTS SUB TOTAL	3,611	3,784	7,568	
0	LESS:Reduction in Early Retirement Pension Provision	0	0	0	
3,552	TOTAL NON STAFF COSTS	3,611	3,784	7,568	
11,474	EXPENDITURE SUB TOTAL	12,512	12,738	25,475	
1,239	Bursary/ Hardship Payments (Excluding Childcare)	1,373	1,252	2,504	
12,713	TOTAL EXPENDITURE	13,885	13,990	27,979	
(133)	COLLEGE SURPLUS/(DEFICIT)	(489)	(562)	(1,123)	
0	PROFIT/(LOSS)CONTRIBUTION FROM A.S.T.	0	0	0	
	EFFICIENCY SAVING	0	0	0	
(133)	TOTAL GROUP SURPLUS/DEFICIT(-)	(489)	(562)	(1,123)	
140	REVALUATION DEPRECIATION ADD BACK	0	0	0	
7	Group Historical Cost Surplus/( Deficit) for the Period	(489)	(562)	(1,123)	
0	Less: Transfers to ALF	0	0	0	
7	Amount to be transferred to retained earnings	(489)	(562)	(1,123)	
			(73)		
	Amount transferred to ALF to date	7,916			
	Amount received from ALF to date	(7,850)			
	Balance retained within ALF	66			

**PERTH COLLEGE****BALANCE SHEET**

as at 31st January 2020

	AS AT 31/01/2020	AS AT 31/01/2019
	£000	£000
<b>FIXED ASSETS</b>		
TANGIBLE ASSETS	35,608	35,911
INVESTMENTS	20	20
	<b>35,628</b>	<b>35,931</b>
<b>CURRENT ASSETS</b>		
STOCKS	22	28
DEBTORS	5,024	3,284
CASH AT BANK AND IN HAND	1,091	1,261
AMOUNTS DUE FROM SUBSIDIARY COMPANY	0	207
	<b>6,137</b>	<b>4,780</b>
<b>CREDITORS:AMOUNTS DUE WITHIN ONE YEAR</b>		
BANK TERM LOAN	0	100
TRADE CREDITORS	41	146
OTHER TAXATION AND SOCIAL SECURITY	346	324
OTHER CREDITORS	343	212
ACCRUALS AND DEFERRED INCOME	5,952	5,594
DEFERRED INCOME - CAPITAL GRANT	99	99
UNSPENT STUDENT SUPPORT FUNDS		395
AMOUNTS DUE TO SUBSIDIARY COMPANY	0	0
	<b>6,782</b>	<b>6,870</b>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>	<b>(645)</b>	<b>(2,090)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>34,983</b>	<b>33,841</b>
<b>CREDITORS:AMOUNTS DUE AFTER MORE THAN ONE YEAR</b>		
PROVISION FOR LIABILITIES AND CHARGES / DEFERRED GRANT LOANS	5,478 0	4,839
<b>NET ASSETS Excluding Pension Liability</b>	<b>29,504</b>	<b>29,002</b>
<b>Pension Liability</b>	<b>5,683</b>	<b>2,883</b>
<b>NET ASSETS Including Pension Liability</b>	<b>23,820</b>	<b>26,119</b>
<b>REPRESENTED BY:</b>		
REVALUATION RESERVES	17,645	17,809
INCOME & EXPENDITURE ACCOUNT	11,859	11,194
PENSION RESERVE	(5,683)	(2,883)
<b>TOTAL RESERVES</b>	<b>23,820</b>	<b>26,119</b>
<b>TOTAL</b>	<b>23,820</b>	<b>26,119</b>
	<b>0</b>	<b>0</b>

2019-20 6 MONTHS ACTUAL	PERTH COLLEGE					
	GRANTS			6		
	ACTUAL V BUDGET		2019-2020	2019-2020	2019-2020	ACTUAL V BUDGET
	to 31-01-2020		6 MONTHS ACTUAL	6 MONTHS BUDGET	12 MONTH BUDGET	VARIANCE + / (-)
		CODE				
3,805,323	FE MAIN RECURRENT GRANT		£4,231,206	£4,231,206	£8,462,411	0
0	FE LUPS	123	£75,000	£75,000	£150,000	0
3,805,323			£4,306,206	£4,306,206	£8,612,411	0
3,109,374	HE MAIN RECURRENT GRANT	108	£3,198,121	£3,198,121	£6,396,242	(0)
-144,000	MICRORAM		-£144,000	-£144,000	-£288,000	0
99,606	CHILDCARE	524	£147,932	£268,052	£536,103	(120,120)
10,000	ADDITIONAL ESOL GRANT FUNDING	148	£10,000	£10,000	£20,000	0
11,500	UHI KNOWLEDGE TRANSFER		£1,937	£0	£0	1,937
4,000	EMA ADMIN SUPPORT & OTHER SUNDRY GRANTS	121	£4,000	£4,000	£8,000	0
0	ESTATES GRANT RELEASE - F.E.	386	£0	£0	£0	0
4,250	FE Funding Sanitary Products 18-19 - B801010.EPC15	613	£3,864	£0	£0	3,864
177,281	FE CAPITAL Maintenance Back log B801010 EPC01 387	387	£170,376	£170,376	£340,751	0
0	UHI Estate Grant HE B801010.EPC01	132	£205,407	£102,396	£204,791	103,011
0	ESTATES CAPITAL FORMULA FUNDING	389	£0	£33,536	£67,072	(33,536)
158,372	ESTATES CAPITAL FORMULA FUNDING	388	£0	£0	£0	0
0	ESTATES GRANT RELEASE - H.E.	385	£0	£0	£0	0
0	ESTATE GRANT RELEASE - ADDITIONAL MAINTENANCE - F.E.	381	£0	£0	£0	0
0	ESTATES GRANT RELEASE - H.E.	379	£0	£0	£0	0
0	ESTATE GRANT RELEASE - ADDITIONAL MAINTENANCE - H.E.	382	£0	£0	£0	0
7,235,706			£7,903,841	£7,948,685	£15,897,370	(44,844)
0	LESS:UHI FUNDING SHOWN UNDER RESEARCH		£1	£0	£0	1
7,235,706	PER ACCOUNTS		£7,903,841	£7,948,685	£15,897,370	(44,844)
69,031	UHI NON RECURRENT					
	PL & Module Unit Payments (Excluding Research Centres)	U26 & U41	£69,284	£69,284	£138,567	1
750	EXAM BOARD	U11	£4,600	£3,000	£6,000	1,600
0	OTHER	U03/U23/U25	£0	£0	£0	0
	CIAF College Innovation Fund	U04				
69,781		114	£0	£10,000	£20,000	
			£73,884	£82,284	£164,567	1,601
0	LESS:COURSE MANAGEMENT SHOWN UNDER RESEARCH		£0	£0	£0	0
69,781	PER ACCOUNTS		£73,884	£82,284	£164,567	1,601
7,305,487			£7,977,725	£8,030,969	£16,061,937	(43,244)

PERTH COLLEGE				
ESTATES /CAPITAL GRANT RELEASE - 2019-20				
MAKE UP OF FIGURES				
	CODE	2019-20 ORIGINAL BUDGET	EXPENDITURE January 2020 ACCOUNTS	COVERED BY GRANT RELEASE
Planned Building Maintenance etc	B 201001 EPC15	£612,614	£165,737	£165,737
FURNITURE BIDS	B 201001 EPC15 617	£0	£4,672	£4,672
Sanitary Products	B201001.EPC15 613	£0	£6,528	£0
Environmental Sustainability	B 201001 EPC15 619	£0	£343	£343
Brahan Refectory Furniture	B 201001 EPC15 620	£0	£0	£0
Summer Refurbishments	B 201001 EPC15 626	£0	£66,911	£66,911
Asbestos Removal	B 201001 EPC15 625	£0	£1,148	£1,148
Maintenance of Academic Equipment	B 201001 EPC15 635	£0	£9,678	£9,678
Carbon Management	B 201001 EPC15 652	£0		£0
Consultancy & Feasibility Studies	B 201001 EPC15 654	£0	£9,852	£9,852
Boiler Replacement	B 201001 EPC15 665	£0		£0
Legionella Works	B 201001 EPC15 691	£0	£6,182	£6,182
Lift Replacement	B 201001 EPC15 581	£0	£0	£0
<i>Sub Total</i>		£612,614	£271,051	£264,523
ACADEMIC EQUIPMENT Curriculum RAG	B 702005 Various	£0	£0	£0
SOFTWARE	B 302051 BMI01	£15,000	£7,024	£7,024
<i>Sub Total</i>		£15,000	£7,024	£7,024
<b>Total</b>		<b>£642,614</b>	<b>£278,075</b>	<b>£271,547</b>
ALLOCATION TO PLANNED MAINTENANCE	B 201002 EPC15	£100,000	£32,107	£32,107
ALLOCATION TO UNPLANNED MAINTENANCE	B 201003 EPC15	£130,000	£72,129	£72,129
REVENUE EXPENDITURE FUNDED OUT OF ESTATES GRANT		£872,614	£382,311	£375,783
		£872,614	£382,311	£375,783

ACTUAL 6 MONTHS to 31-01-2019	PERTH COLLEGE			
	TUITION FEE SUMMARY		6	
	6 MONTHS to 31st January 2020	ACTUAL 6 MONTHS to 31-01-2020	BUDGET 6 MONTHS to 31-01-2020	BUDGET 12 MONTHS to 31-07-2020
2,890,813	H.E.FULL TIME	2,833,717	1,460,490	2,920,981
244,571	H.E.PART TIME	312,664	52,883	105,765
85,654	F.E.PART TIME	51,361	15,000	30,000
101,756	EVENING NON VOCATIONAL	27,734	34,558	69,117
0	CENTRAL ADMIN	0	0	0
15,230	OPEN/DISTANCE LEARNING Highers	9,779	2,500	5,000
0	OPEN ACCESS	0	0	0
-1,664,881	MONTH END ACCRUAL ( PREPAYMENT)	-1,669,825		
		1,565,431	1,565,431	3,130,863
29,672	SKILLSEEKERS (Managing Agents)	27,329	52,000	104,000
101,799	TRAINING AGENCY - Mod Appr	77,375	90,000	180,000
20,138	SDS/Foundation Apprenticeships	31,496	185,923	371,845
0	Employability (Ready to Work)	0	0	
11,048	Flexible Workforce Dev Fund	51,628	68,626	137,251
1,835,800		187,828	396,548	793,096

ACTUAL 6 MONTHS to 31-01-2019	PERTH COLLEGE				
	INTERNATIONAL FEE SUMMARY			6	
	6 MONTHS to 31st January 2020		ACTUAL 6 MONTHS to 31-01-2020	BUDGET 6 MONTHS to 31-01-2020	BUDGET 12 MONTHS to 31-07-2020
	<u>UNDERGRADUATE</u>				
2,000	Early Education Childcare	FSC03	0	0	0
6,450	Social Sciences	FSC04	3,427	9,253	18,505
2,799	Hospitality	FSC06	0	8,305	16,610
1,250	Business and Accounting	FSC07	7,405	4,500	9,000
0	Computing	FSC08	0	3,428	6,855
0	Sport and Fitness	FSC09	0	0	0
6,500	Music and Music Business	FTC02	7,192	8,678	17,355
27,000	- Zhoukou	FTC02 867	24,750	27,500	55,000
4,500	Art and Creative Technologies	FTC03	1,250	4,678	9,355
4,920	Sound and Audio Engineering	FTC04	3,427	3,428	6,855
36,289	Aeronautical and Aircraft Engineering	FTC09	49,650	78,678	157,355
0	- Zhengzhou International Centre	FIC01 880	0		
0	- Zhengzhou	FTC09 880	27,025	25,875	51,750
0	- Chenjdu	FTC09 873	0	0	0
0	Electrical and Mechanical Systems	FTC10 842	0	44,000	88,000
119,737	- Hunan	FTC00 842	154,424	115,000	230,000
95,650	- HUUC	FTC00 868	75,750	71,250	142,500
	- Kuwait	FTC00 789		38,500	77,000
	- Zhenghou	FTC00 880		20,125	40,250
307,095	Total Undergraduate		354,300	463,195	926,390
	<u>POST GRADUATE</u>				
4,368	Management	FSC05	0	1,000	2,000
0		FIC01 L65	0		
4,368	Total Post Graduate		0	1,000	2,000
	TOTAL		354,300	464,195	928,390



6 MONTHS ACTUAL to 31-01-2019	STUDENT RESIDENCES	6 MONTHS ACTUAL to 31-01-2020	6 MONTHS BUDGET to 31-01-2020	12 MONTHS BUDGET to 31-07-2020
	<b>INCOME</b>			
£151,701	RENTAL INCOME	£155,273	£150,000	£300,000
£21,689	SUMMER LETS	£19,386	£30,000	£60,000
£1,715	SUNDRY INCOME	£1,394	£625	£2,500
£175,105	TOTAL INCOME	£176,053	£180,625	£362,500
	<b>EXPENDITURE</b>			
	PLANNED MAINTENANCE	£0	£0	£0
£17,651	UNPLANNED MAINTENANCE	£12,260	£12,000	£24,000
£8,830	ELECTRICITY, WATER & GAS	£12,250	£10,213	£20,425
£0	WARDEN SALARIES	£0	£0	£0
£2,069	EQUIPMENT/MATERIALS/HOSPITALITY	£3,419	£1,500	£3,000
£49	BANK CHARGES	£11	£0	£0
£5,650	Contract Cleaning of Halls	£5,650	£5,650	£11,300
£75,498	SUB CONTRACTED SERVICES - SYHA	£78,660	£76,932	£153,864
£17,500	AGENTS COMMISSION	£41,677	£17,500	£35,000
£127,247	TOTAL EXPENDITURE	£153,927	£123,795	£247,589
£47,858	<b>SURPLUS / (DEFICIT) before Depreciation and Interest</b>	£22,126	£56,831	£114,911
£43,083	DEPRECIATION	£43,083	£43,083	£86,166
	LOAN INTEREST	£0	£0.00	£0
£4,775	<b>SURPLUS / (DEFICIT) after Depreciation and Interest</b>	-£20,957	£13,748	£28,745
	<b>CATERING</b>			
	<b>INCOME</b>			
£95,608	BRAHAN	£94,938	£95,716	£191,431
£198,551	GOODLYBURN	£208,035	£183,496	£366,991
£151,054	SHOP	£159,014	£133,700	£267,399
£445,213	TOTAL INCOME	£461,987	£412,911	£825,821
	<b>EXPENDITURE</b>			
£184,521	BRAHAN	£90,935	£167,000	£334,000
£191,510	GOODLYBURN	£212,117	£190,195	£380,390
£134,169	SHOP	£159,327	£92,649.50	£185,299
510,200	TOTAL EXPENDITURE	£462,379	£449,845	£899,689
-£64,987	<b>OPERATING SURPLUS / (DEFICIT)</b>	-£392	-£36,934	-£73,868

PERTH COLLEGE											
OTHER INCOME GENERATING ACTIVITIES											
SUMMARY BY FACULTY/UNIT					6						
YEAR TO 31st January 2020		INCOME	EXPENDITURE	CONTRIBUTION	INCOME	EXPENDITURE	CONTRIBUTION	INCOME	EXPENDITURE	CONTRIBUTION	CONTRIBUTION
To 31st January 2020		BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	ACTUAL	ACTUAL	ACTUAL	ACTUAL
		YEAR TO	YEAR TO	YEAR TO	6 MONTHS	6 MONTHS	6 MONTHS	6 MONTHS	6 MONTHS	6 MONTHS	6 MONTHS
FACULTY		31-07-2019	31-07-2019	31-07-2019	31-01-2020	31-01-2020	31-01-2020	31-01-2020	31-01-2020	31-01-2020	31-01-2019
BMCL		113,345	54,500	58,845	56,673	27,250	29,423	27,268	24,969	2,299	9,500
STEM		857,895	185,932	671,963	428,948	92,966	335,982	332,287	51,105	281,182	231,560
CI		88,565	16,000	72,565	44,283	8,000	36,283	37,619	4,877	32,742	30,653
HESS		113,505	14,000	99,505	56,753	7,000	49,753	53,639	2,765	50,874	57,169
NURSERY		300,000	397,757	(97,757)	150,000	198,879	(48,879)	140,210 *	181,000	(40,790)	(43,427)
INTERNATIONAL RECRUITMENT - FEES	FIC 01	4,000	334,597	(330,597)	2,000	167,299	(165,299)	3,996 *	105,627	(101,631)	(134,220)
INTERNATIONAL RECRUITMENT - ACCOM.	FIC01.L01/5	120,000	120,000	0	60,000	60,000	0	0	0	0	13
Sub Total		1,597,310 0	1,122,786 0	474,524	798,655 0	561,393 0 0	237,262 0	595,019 0	370,343	224,676 0	151,248
LANGUAGE SCHOOL - Commercial Income		132,940	9,000	123,940	66,470	4,500	61,970 Not	60,625 *	26,566	34,059	42,041
Grand Total		1,730,250	1,131,786	598,464	865,125	565,893	299,232	655,644	396,909	258,735	193,289
				598,464			299,232			258,735	
		Note 1 - In the current year all teaching delivery costs have been charged through the funded cost centre (ALS01). No transfer of teaching costs has been made from the funded cost centre (ALS01) to the commercial cost centre (FLS01).									0
		In addition to Note 1 above there may be other expenditure incurred in relation to commercial activity that is not charged through the commercial cost centres due to the difficulty in accurately splitting these costs out.									
Comparatives to 31st January 2019								692,655	499,366	193,289	

PERTH COLLEGE											
INCOME & EXPENDITURE SUMMARY SHEET											
RESEARCH CENTRES				6							
To 31st Janaury 2020	INCOME BUDGET YEAR TO	EXPENDITURE BUDGET YEAR TO	#	CONTRIBUTION BUDGET YEAR TO	INCOME BUDGET 6 MONTHS	EXPENDITURE BUDGET 6 MONTHS	CONTRIBUTION BUDGET 6 MONTHS	INCOME ACTUAL 6 MONTHS	EXPENDITURE ACTUAL 6 MONTHS	CONTRIBUTION ACTUAL 6 MONTHS	CONTRIBUTION ACTUAL 6 MONTHS
	31-07-2020	31-07-2020		31-07-2020	31-01-2020	31-01-2020	31-01-2020	31-01-2020	31-01-2020	31-01-2020	30-01-2019
CENTRE FOR MOUNTAIN STUDIES	117,820	249,370		(131,550)	58,910	124,685	(65,775)	155,588	162,771	(7,183)	(64,608)
CENTRE FOR CULTURE, HERITAGE & TOURISM	0	0		0	0	0	0	0	0	0	0
CENTRE FOR RURAL CHILD	0	0		0	0	0	0	0	0	0	0
CENTRE FOR ALZHEIMERS RESEARCH	0	0		0	0	0	0	0	0	0	0
TOTAL RESEARCH	117,820	249,370		(131,550)	58,910	124,685	(65,775)	155,588	162,771	(7,183)	(64,608)
SURPLUS / (DEFICIT) AT 31st January 2019								73,707	138,315	(64,608)	

PERTH COLLEGE				
BREAKDOWN OF 'OTHER INCOME'				
6 MONTHS to 31st January 2020				
6 MONTHS to 31-01-2019 ACTUAL		6 MONTHS to 31-01-2020 ACTUAL	6 MONTHS to 31-01-2020 BUDGET	12 MONTHS TO 31-07-2018 BUDGET
743	HIRE OF ACCOMMODATION	£310	£0	£0
15,377	LIBRARY	£9,669	£8,500	£17,000
30,345	SCHOOLS DIRECT	£30,345	£30,500	£61,000
3,251	LEARNING TECHNOLOGY CENTRE	£0	£0	£0
5,455	CENTRAL ADMIN/FINANCE/MIS	£9,094	£0	£0
22,053	ACADEMIC CENTRAL ADMIN	£200	£0	£0
565	EXAM FEES	£0	£0	£0
16,379	SECONDMENT SALARY RECHARGES	£79,161	£67,500	£135,000
15,000	RECHARGES TO UHI	£17,500	£0	£0
29,461	COMMUNITY DEVELOPMENT/SVS PROJECTS	£26,230	£0	£0
204	NEW OPPORTUNITIES	£700	£18,500	£37,000
24,938	ADULT LITERACY PROJECT - 470	£26,883	£0	£0
365	SUNDRY INCOME & PROJECTS / STUDENTS UNION	£375	£0	£0
20,895	SALES OF BEAUTY THERAPY KITS	£19,182	£5,000	£10,000
4,088	CURR DEV FUND L & T PROJECTS - DSYW	£0	£0	£0
0	H.I.T.SCOTLAND BURSARY AWARDS	£0	£0	£0
43,699	PROPERTY	-£188	£17,500	£35,000
-246	APUC Fees from Partners	£0	£0	£0
13,136	PROPERTY CAR PARKING	£8,044	£25,000	£50,000
13,617	PRIZEGIVING / GRADUATION	£12,467	£6,000	£12,000
3,818	INTEREST RECEIVED	£4,997	£0	£0
2,900	ABD07 / WEE Centre Project	£2,908	£5,000	£10,000
76	H.R.& STAFF DEVELOPMENT	£3,038	£0	£0
0	STUDENT SERVICES	£8,233	£0	£0
30,318	STUDENT SUPPORT - ELS	£52,707	£15,000	£30,000
-2,130	LEARNING CENTRES	-£2,601	£0	£0
68,929	CURRICULUM OTHER INCOME	£51,357	£51,000	£102,000
45,229	Essential Student Equipment - Bursary Funded	£36,175	£9,500	£19,000
0	FUTURE SKILLS FOR CREATIVE INDUSTRIES	£0	£0	£0
50,000	MANAGEMENT CHARGE TO AST	£50,000	£50,000	£100,000
0	NQ Sports	£0	£0	£0
19,991	TCI - Other Income	£6,187	£7,500	£15,000
1,556	Conference & Hospitality Services	£11,047	£0	£0
2,130	Materials Development	£2,601	£0	£0
0	DONATION FROM AST	£0	£0	£0
11,980	Sale/Purchase of Books	£8,713	£0	£0
0	Development Trust	£3,068	£0	£0
0	IMF Heritage Research Project	£0	£0	£0
0	Student on line Counselling	£0	£0	£0
4,622	CREATIVE IND BURSARY FUND	£2,796	£4,000	£8,000
	Non Government Funded Grant	£0		
498,744		£481,196	£320,500	£641,000

		PERTH COLLEGE			6	
6 MONTHS ACTUAL to 31-01-2019		ANALYSIS OF PROPERTY COSTS		6 MONTHS ACTUAL to 31-01-2020	6 MONTHS BUDGET to 31-01-2020	12 MONTHS BUDGET 31-07-2020
£214,344		PLANNED BUILDING PROJECTS		£271,051	£306,307	£612,614
£0		FURNITURE REPLACEMENT		£0	£0	£0
£48,315		PLANNED MAINTENANCE		£32,107	£50,000	£100,000
£0		ADDITIONAL PLANNED MAINTENANCE		£0	£0	£0
£69,460		UNPLANNED MAINTENANCE	EPC15	£72,129	£65,000	£130,000
£0		UNPLANNED MAINTENANCE -Acad Equip		£840	£500	£1,000
£4,988		CAR PARK REPAIRS AND MAINTENANCE		£416	£14,420	£28,840
1,886		CATERING COSTS		£1,416	£3,500	£7,000
£13,528		GROUND UPKEEP		£11,790	£13,000	£26,000
£93,773		ELECTRICITY		£131,214	£134,295	£268,590
£40,922		GAS	EPC17	£41,301	£34,913	£69,825
£35,404		RATES	EPC17	£46,813	£47,250	£94,500
£0		RATES - REBATE		£0	£0	£0
£15,566		WATER METERED RATES	EPC17	£14,008	£19,000	£38,000
£4,491		CLEANING EQUIPMENT	EPC16	£7,247	£9,270	£18,540
£14,592		JANITORIAL SUPPLIES	EPC16	£13,462	£13,390	£26,780
£3,637		PROPERTY SECURITY	EPC15	£4,139	£8,000	£16,000
£27,447		HIRE OF SKIPS	EPC15	£37,008	£31,500	£63,000
£0		Hire of Portacabins	EPC01	£0	£0	£0
£2,562		SUPPLIES & SERVICES ETC.	EPC01	£1,732	£3,750	£7,500
£11,520		TRANSPORT HIRE/TRAVEL	EPC16	£11,354	£18,025	£36,050
£2,325		Vehicle Maintenance		£3,088	£4,120	£8,240
£0		Insurance Claims		£0	£500	£1,000
£8,138		CAR PARK MANAGEMENT		£8,941	£9,270	£18,540
612,898		PER BOARD ACCOUNTS - NON STAFFING COSTS		£710,056	£786,010	£1,572,019
£72,869		ADMIN SALARIES		£55,609	£73,601	£147,201
£45,116		TECHNICIAN SALARIES		£35,795	£46,118 *	£92,236
£138,054		CARETAKERS SALARIES		£139,735	£153,071	£306,142
£158,143		CLEANERS SALARIES		£165,610	£170,142	£340,283
414,182		PER BOARD ACCOUNTS - STAFFING COSTS		£396,749	£442,931	£885,862

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6 MONTHS ACTUAL to 31-01-2019	PERTH COLLEGE			6		
	ANALYSIS OF International Activity	6 MONTHS ACTUAL to 31-01-2020	6 MONTHS BUDGET to 31-01-2020	12 MONTHS BUDGET 31-07-2020	ACTUAL V BUDGET	
					VARIANCE	
	<i>China</i>					
	<u>Income</u>					
£242,887	Fees - Partners (China)	£281,949	£260,750	£521,500		21,199
	Total Income	£281,949	£260,750	£521,500		21,199
	<u>Expenditure</u>					
	<u>Staff</u>					
£9,461	Teaching - (China)	£4,453	£0	£0		4,453
£0	Management	£0	£0	£0		0
£9,461	Total Staff	£4,453	£0	£0		4,453
	<u>Non Staff</u>					
£16,132	Supplies & Services - China	£9,177	£11,130	£22,260		(1,953)
£40,397	Travel - China	£31,047	£7,000	£14,000		24,047
£0	Agents Commission	£0	£0	£0		0
£0	Membership fees & Subscriptions	£0	£0	£0		0
£56,529	Total Non Staff	£40,224	£18,130	£36,260		22,094
£176,897	OPERATING SURPLUS / (DEFICIT)	£237,272	£242,620	£485,240		(5,348)
	<i>Other International</i>					
	<u>Income</u>					
£69,076	Fees - Students	77,951	£221,123	442,245		(143,172)
£11,639	Fees - Summer School	8,394	£16,400	£32,800		(8,006)
£65,476	Fees - Language School	48,315	£48,470	£96,940		(155)
£48,286	Residences - Host Family	0	£60,000	£120,000		(60,000)
£973	Other Income	3,916	£2,100	£4,200		1,816
£195,450	Total Income	£138,576	£348,093	£696,185		(209,517)
	<u>Expenditure</u>					
	<u>Staff</u>					
£0	Teaching - (Others)		£0	£0		0
£1,877	Summer School	£3,706	£4,000	£8,000		(294)
£86,348	Admin Salaries - International Centre	£71,332	£119,279	£238,557		(47,947)
£8,492	Language School	£4,689	£4,000	£8,000		689
£96,717	Total Staff	£79,727	£127,279	£254,557		(47,552)
	<u>Non Staff</u>					
£48,273	Residences Costs - Host Family	£0	£60,000	£120,000		(60,000)
£2,467	Supplies & Services	£1,675	£5,250	£10,500		(3,575)
£3,937	Supplies & Services - Summer School	£2,678	£2,000	£4,000		678
£2,928	Supplies & Services - Language School	£4,297	£2,213	£4,425		2,085
£28,109	Travel	£18,010	£20,000	£40,000		(1,990)
£2,500	Bad Debt	£2,500	£2,500	£5,000		0
£0	Advertising - India	£2,500	£1,500	£3,000		1,000
£2,730	Advertising - Other Overseas	£0	£1,500	£3,000		(1,500)
£9,331	Membership fees & Subscriptions	£9,500	£5,000	£10,000		4,500
£8,158	Agents Commission	£13,696	£6,950	£13,900		6,746
£108,433	Total Non Staff	£54,856	£106,913	£213,825		(52,057)
-£9,700	OPERATING SURPLUS / (DEFICIT)	£3,993	£113,902	£227,803		(109,909)

6 MONTHS ACTUAL to 31-01-2019	PERTH COLLEGE			6	
	ANALYSIS OF ASW		6 MONTHS ACTUAL to 31-01-2020	6 MONTHS BUDGET to 31-01-2020	12 MONTHS BUDGET 31-07-2020
	<u>ASW</u>				
	<u>Income</u>				
£30,482	Sports Hall Income		£38,102	£38,500	£77,000
£6,027	Gym Income		£7,704	£92,500	£185,000
£375	Gym Income Other		£2,570		£0
£811	Hire of Rooms		£0	£0	£0
£1,582	Other Income		£1,006	£26,500	£53,000
£0	Events Income		£0	£3,500	£7,000
£1,040	Other Income Fitness services		£1,774	£0	£0
£50	Other Income Fitness Attendance		£19	£0	£0
	Other Income ASW Sports Clinic		£1,561	£0	£0
	Other Income Merchandising Shop		£958	£0	£0
£33,268	Membership - Students		£34,042	£0	£0
£47,021	Membership - Commercial		£78,691	£0	£0
£7,925	Membership - Staff		£9,226	£0	£0
£128,580	Total Income		£175,654	£161,000	£322,000
	<u>Pay Expenditure</u>				
£133,484	Admin Salaries		£143,059	£134,996	£269,991
	External Instructors		£1,536	£2,500	£5,000
£133,484			£144,595	£134,996	£274,991
	<u>Non Pay Expenditure</u>				
£7,431	Planned Maintenance		£5,572 *	£4,000	£8,000
£8,210	Unplanned Maintenance		£9,923 *	£0	£0
£32,831	Electricity		£25,133 *	£26,250	£52,500
£4,921	Gas		£4,290 *	£5,250	£10,500
£0	Rates		£0	£0	£0
£0	Water Meter		£0	£0	£0
£1,632	Cleaning Equipment		£1,698 *	£0	£0
£0	Janitorial Supplies		£414 *	£0	£0
£2,470	Hire of Skips		£2,797 *	£0	£0
£5,226	Supplies & Services		£16,383 *	£8,500	£17,000
	Supplies & Services OP Plan 006		£0	£0	£0
£60	Supplies & Services Events		£0	£0	£0
	Supplies & Services Sports Clinic		£102 *	£0	£0
	Supplies & Services UHI Merchandising Shop		£5,674 *	£0	£0
£48,800	Equipment Rental		£26,652 *	£29,000	£58,000
£4,507	Copyright Charges		£0	£0	£0
£5,554	Computer Maintenance Agreements		£4,622 *	£7,500	£15,000
£480	Travel		£326 *	£1,000	£2,000
£1,048	Marketing		£2,265	£2,500	£5,000
£123,170	Total Expenditure		£105,851	£84,000	£168,000
-£128,074	OPERATING SURPLUS / (DEFICIT)		-£74,792	-£57,996	-£120,991
	<u>Climbing Centre</u>				
	<u>Income</u>				
£65,462	Climbing Centre Income		£62,766	£75,000	£150,000
£4,538	Hire of Equipment		£5,075	£2,500	£5,000
£0	Other Income		£0	£7,500	£15,000
£12,565	Other Income NICAS		£17,074	£0	£0
£696	Membership Fees - Students		£720	£0	£0
£2,071	Membership Fees - Commercial		£2,003	£1,000	£2,000
£0	Membership Fees - Staff		£20	£0	£0
£85,331	Total Income		£87,657	£86,000	£172,000
	<u>Pay Expenditure</u>				
£76,473	Salaries		£82,764	£68,145	£136,289
£76,473			£82,764	£68,145	£136,289
	<u>Non Pay Expenditure</u>				
£4,051	Equipment/Materials		£5,211	£6,000	£12,000
£602	Equipment/Materials NICAS		-£438	£0	£0
£0	Equipment Rental			£0	£0
£140	Marketing		£400	£1,500	£3,000
£4,793	Total Expenditure		£5,173	£7,500	£15,000
4,065	OPERATING SURPLUS / (DEFICIT)		-£280	£10,356	£20,711

## Perth College UHI

Paper No.7

<b>Committee</b>	Board of Management
<b>Subject</b>	Perth College Mid-Year Return 2019-20
<b>Date of Committee meeting</b>	18/03/2020
<b>Author</b>	Graham Little, Interim Head of Finance
<b>Date paper prepared</b>	12/03/2020
<b>Executive summary of the paper</b>	The paper sets out the College's Mid-Year Return for 2019/20 in line with underlying assumptions.
<b>Consultation</b> How has consultation with partners been carried out?	N/A
<b>Action requested</b>	<input type="checkbox"/> For information only <input type="checkbox"/> For discussion <input type="checkbox"/> For recommendation <input checked="" type="checkbox"/> For approval
<b>Resource implications</b> (If yes, please provide details)	Yes/ No
<b>Risk implications</b> (If yes, please provide details)	Yes/ No Failure to deliver this outturn will put the College's financial sustainability at risk.
<b>Link with strategy</b> Please highlight how the paper links to the Strategic Plan, or assist with:	Consistent with the College's overall financial strategy.



## Perth College UHI

<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>	
<p><b><u>Equality and diversity</u></b></p> <p>Yes/ No</p> <p>If yes, please give details:</p>	<p><del>Yes</del>/ No</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><del>Yes</del>/ No</p> <p>If yes, please give details:</p> <p>Click or tap here to enter text.</p>
<p><b><u>Data Protection</u></b></p> <p>Does this activity/ proposal require a Data Protection Impact Assessment?</p>	<p><del>Yes</del>/ No</p> <p>Click or tap here to enter text.</p>
<p><b>Status</b> (e.g. confidential/non confidential)</p>	<p>Confidential</p>
<p><b>Freedom of information</b></p> <p>Can this paper be included in “open” business?*</p>	<p><del>Yes</del>/ No</p>

\* If a paper should **not** be included within ‘open’ business, please highlight below the reason.

## Perth College UHI

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.

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<http://www.itspublicknowledge.info/ScottishPublicAuthorities/ScottishPublicAuthorities.asp>

and

[http://www.itspublicknowledge.info/web/FILES/Public\\_Interest\\_Test.pdf](http://www.itspublicknowledge.info/web/FILES/Public_Interest_Test.pdf)

## **Board of Management**

### **Mid-Year Return 2019/20**

#### **Introduction**

It is a requirement of SFC through UHI that every college submit a Mid-Year Return (MYR) by the end of March covering the six month period from August 2019 to January 2020. This paper sets out the methodology of arriving at the MYR, the assumptions used and the financial position that is now being forecasted to the end of financial year 2019/20.

#### **Mid-Year Return 2019/20**

In arriving at the Mid-Year Return, account has been taken of the actual management accounting position as reported in the Month 6 January pack. In addition the year to date and full year budgets have been used to inform the outturn with assumptions challenged at the six month/ mid-year point as circumstances may have changed.

Particular emphasis has been placed on deriving the position of the whole group with separate figures analysed, forecast and then consolidated to include both Perth College and it's subsidiary Air Service Training (AST).

In summary the College's MYR shows a forecast deficit in accounting terms of **£978k**. This is broken down in a College deficit of £1.12m and an AST projected surplus of £142k.

When budgeted and forecast depreciation of £1.004m is offset against Deferred Capital Grant Release of £196, this results in an adjustment of £808k, which when added back to the forecast deficit of £978k gives an Adjusted Operating Position (AOP) showing a deficit of **£174k**.

The following assumptions have been made when arriving at the MYR –

- It is assumed that both Funding Council Grants and Tuition Fees & Education Contracts will be broadly achieved with no current information to the contrary;
- Other Income Generating Activities has been forecast downwards to take account of an apparent double count of income from Zhengzhou University of Aeronautics and income previously assumed from overseas activity in Kuwait which was incorrectly assumed to happen in the 2019/20 budget.
- Salaries are assumed to be on target to underspend by £50k at the end of 2019/20. This is a prudent estimate and will be revisited over the third quarter.
- Expenditure on Other Income Generating Activities has been forecast downward to take account of an expected fall in the costs of overseas travel.

## Conclusion

The college is now forecasting a deficit in accounting terms of **£978k** which is £4k better than budget. The forecast underlying Adjusted Operating Position is a deficit of **£174k** when Depreciation, adjusted for Capital Grants, are added back.

Further work is now required to complete an updated Financial Forecast Return (FFR) which will replace the original return submitted in October 2019 and this will be presented to the Board of Management at its meeting on 18<sup>th</sup> March. The College is taking the opportunity to resubmit the return as there have been a number of assumptions originally set out which have changed. In addition re-submission of the FFR allows inclusion of the 2019/20 budget and importantly the figures from the 2018/19 Financial Statements which were recently completed and signed off by our external auditors.

In addition, the College through the Finance Team is continuing to work with budget holders to gain a clearer picture of the underlying financial position, not only for 2019/20, but across the five-year planning horizon. Further work on salary forecasting and income projections are now also informing the Operating Budget planning for 2020/21 which is being advanced.

**Graham Little**  
Interim Head of Finance  
12<sup>th</sup> March 2020



**AUGUST 2019 - JANUARY 2020**  
**Management Accounts & Mid-Year Forecast**



PERTH COLLEGE GROUP	College	AST	AST	College	AST	Total	College	AST	Total	Variance
	Actual	Actual	Actual	Budget	Budget	Budget	MYR	MYR	MYR	Budget v
	6 MONTHS to 31-01-2020 £000's	6 MONTHS to 31-01-2020 £000's	6 MONTHS to 31-01-2020 £000's	12 MONTHS to 31-07-2020 £000's	12 MONTHS to 31-07-2020 £000's	12 MONTHS to 31-07-2020 £000's	12 MONTHS to 31-07-2020 £000's	12 MONTHS to 31-07-2020 £000's	12 MONTHS to 31-07-2020 £000's	MYR
<b>INCOME</b>										£000's
Funding Council Grants excluding Research based	7,904		7,904	15,897		15,897	15,808		15,808	(89)
Tuition Fees & Education Contracts	1,753	912	2,666	3,924	2,103	6,027	3,924	2,103	6,027	0
Catering & Residences	638		638	1,190		1,190	1,190		1,190	0
European Income	0		0	0		0	0		0	0
UHI Non Recurrent Income	74		74	164		164	148		148	(16)
Other Income Generating Activities	656		656	1,728		1,728	1,591		1,591	(137)
Research Centre Activity Income & Grant Funding	156		156	118		118	210		210	92
Release of Deferred Capital Grant	98		98	196		196	196		196	0
ASW & Climbing Centre Income	263		263	494		494	494		494	0
Other Income	481	16	497	641	61	702	641	61	702	0
<b>INCOME SUB TOTAL</b>	<b>12,023</b>	<b>928</b>	<b>12,951</b>	<b>24,353</b>	<b>2,164</b>	<b>26,516</b>	<b>24,201</b>	<b>2,164</b>	<b>26,365</b>	<b>(151)</b>
Bursary/ Hardship Grant(Excluding Childcare)	1,373	0	1,373	2,503	0	2,503	2,503		2,503	0
<b>TOTAL INCOME</b>	<b>13,396</b>	<b>928</b>	<b>14,324</b>	<b>26,856</b>	<b>2,164</b>	<b>29,019</b>	<b>26,704</b>	<b>2,164</b>	<b>28,868</b>	<b>(151)</b>
<b>EXPENDITURE</b>										
<b>Staff Costs</b>										
Teaching Departments	5,870	321	6,191	11,835	731	12,566	11,742	731	12,473	93
Teaching Support Services	930	225	1,156	2,018	493	2,511	1,817	493	2,310	201
Administration & Central Services	1,069		1,069	2,002		2,002	2,230		2,230	(228)
Premises	397		397	886		886	799		799	87
ASW & Climbing Centre	227		227	411		411	461		461	(50)
Other Income Generating Activities	263		263	524		524	517		517	7
Research Centres	144		144	231		231	291		291	(60)
<b>TOTAL STAFF COSTS</b>	<b>8,901</b>	<b>546</b>	<b>9,447</b>	<b>17,907</b>	<b>1,224</b>	<b>19,131</b>	<b>17,857</b>	<b>1,224</b>	<b>19,081</b>	<b>50</b>
<b>Non Staff Costs</b>										
Teaching Departments	396	18	414	650	239	889	650	239	889	0
Teaching Support Services	220	182	403	465	484	949	465	484	949	0
Administration & Central Services	783	0	783	1,477		1,477	1,477		1,477	0
Premises	710	0	710	1,572		1,572	1,572		1,572	0
ASW & Climbing Centre	111	0	111	183		183	183		183	0
Catering & Residences	617	0	617	1,148		1,148	1,148		1,148	0
Other Income Generating Activities	135	0	135	575		575	470		470	105
Research Centres	19	0	19	18		18	18		18	0
Other Expenses - Childcare	148	0	148	536		536	536		536	0
Interest Payable	8	0	8	15		15	15		15	0
Depreciation	464	14	478	929	75	1,004	929	75	1,004	0
<b>NON STAFF COSTS SUB TOTAL</b>	<b>3,611</b>	<b>214</b>	<b>3,824</b>	<b>7,568</b>	<b>798</b>	<b>8,366</b>	<b>7,463</b>	<b>798</b>	<b>8,261</b>	<b>105</b>
LESS:Reduction in Early Retirement Pension Provision	0	0	0	0	0	0				
<b>TOTAL NON STAFF COSTS</b>	<b>3,611</b>	<b>214</b>	<b>3,824</b>	<b>7,568</b>	<b>798</b>	<b>8,366</b>	<b>7,463</b>	<b>798</b>	<b>8,261</b>	<b>105</b>
<b>EXPENDITURE SUB TOTAL</b>	<b>12,512</b>	<b>760</b>	<b>13,272</b>	<b>25,475</b>	<b>2,022</b>	<b>27,497</b>	<b>25,320</b>	<b>2,022</b>	<b>27,342</b>	<b>155</b>
Bursary/ Hardship Payments (Excluding Childcare)	1,373	0	1,373	2,504	0	2,504	2,504	0	2,504	0
<b>TOTAL EXPENDITURE</b>	<b>13,885</b>	<b>760</b>	<b>14,645</b>	<b>27,979</b>	<b>2,022</b>	<b>30,001</b>	<b>27,824</b>	<b>2,022</b>	<b>29,846</b>	<b>155</b>
<b>COLLEGE SURPLUS/(DEFICIT)</b>	<b>(489)</b>	<b>168</b>	<b>(321)</b>	<b>(1,123)</b>	<b>142</b>	<b>(982)</b>	<b>(1,120)</b>	<b>142</b>	<b>(978)</b>	<b>4</b>
PROFIT/(LOSS)CONTRIBUTION FROM A.S.T.	0	0	0	0	0	0	0	0	0	0
EFFICIENCY SAVING	0	0	0	0	0	0	0	0	0	0
<b>TOTAL GROUP SURPLUS/DEFICIT(-)</b>	<b>(489)</b>	<b>168</b>	<b>(321)</b>	<b>(1,123)</b>	<b>142</b>	<b>(982)</b>	<b>(1,120)</b>	<b>142</b>	<b>(978)</b>	<b>4</b>
REVALUATION DEPRECIATION ADD BACK	0	0	0	0	0	0	0	0	0	0
<b>Group Historical Cost Surplus/( Deficit) for the Period</b>	<b>(489)</b>	<b>168</b>	<b>(321)</b>	<b>(1,123)</b>	<b>142</b>	<b>(982)</b>	<b>(1,120)</b>	<b>142</b>	<b>(978)</b>	<b>4</b>
Less: Transfers to ALF	0	0	0	0	0	0	0	0	0	0
<b>Amount to be transferred to retained earnings</b>	<b>(489)</b>	<b>168</b>	<b>(321)</b>	<b>(1,123)</b>	<b>142</b>	<b>(982)</b>	<b>(1,120)</b>	<b>142</b>	<b>(978)</b>	<b>4</b>

<b>Committee</b>	Perth College UHI Board
<b>Subject</b>	Financial Forecast Return 2019/20
<b>Date of Committee meeting</b>	18/03/2020
<b>Author</b>	Henry Nicholson, Financial Accountant
<b>Date paper prepared</b>	16/03/2020
<b>Executive summary of the paper</b>	<p>Colleges are required to submit a Financial Forecast Return to the Scottish Funding Council representing the forecast annual outturn for the period 2019 to 2024 which is attached at Appendix 1. This is an updated version of the one approved by the Board in September 2019.</p> <p>As in previous years this indicates a declining position given the stated assumptions and if no action is taken. SMT is committed to identifying and agreeing as appropriate any actions necessary to ensure the financial sustainability of the college group.</p> <p>The underlying assumptions are outlined in the paper. The FFR also includes indications of any emerging risks or opportunities which may affect the outturn as forecast.</p> <p>These projections will be refined as details crystallise over the years to ensure that an annual balanced budget is achieved where possible.</p> <p>The Committee is asked to approve the FFR covering the period to 2024.</p>
<b>Consultation</b> How has consultation with partners been carried out?	<p>The Board Chairs as well as the Finance and General Purposes Committee have been kept abreast of developments with the Colleges financial position as the implications of the increased cost base has become clearer.</p> <p>Staff and Trade Union consultations are underway.</p> <p>Stakeholder communication including press statements and parliamentary updates have been undertaken.</p>

## Perth College UHI

<b>Action requested</b>	<input type="checkbox"/> For information only <input type="checkbox"/> For discussion <input type="checkbox"/> For recommendation <input checked="" type="checkbox"/> For approval
<b>Resource implications</b> (If yes, please provide details)	<b>Yes/ No</b> The Budget is included for approval within Appendix 1.
<b>Risk implications</b> (If yes, please provide details)	<b>Yes/ No</b> If financial savings are unable to be achieved for future years, including by reducing recurrent costs, this will pose a potential threat to the longer term financial sustainability of the College.
<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>	Provide a summary of the how the paper links to key College priorities and what they are This project supports the delivery of the strategic aim <ol style="list-style-type: none"> <li>1. Optimise the sustainable use of our systems, processes and resources to provide the best possible student experience and outcomes.</li> </ol>
<u><b>Equality and diversity</b></u> <b>Yes/ No</b> If yes, please give details:	An Equality Impact Assessment will be undertaken as the project develops to ensure access to all audiences to the project.
<b>Island communities</b> 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)?	<b>Yes/ No</b> If yes, please give details: Click or tap here to enter text.

## Perth College UHI

<p><b><u>Data Protection</u></b></p> <p>Does this activity/ proposal require a Data Protection Impact Assessment?</p>	<p>Yes/ No</p> <p>Set out any data protection aspects and whether a data protection impact assessment is needed</p>
<p><b>Status</b> (e.g. confidential/non confidential)</p>	<p>Confidential</p>
<p><b>Freedom of information</b></p> <p>Can this paper be included in "open" business?* <b>-Yes</b></p>	<p>Papers should be open unless there is a compelling reason for them to remain closed. If a paper, or parts of a paper, are to remain closed the reason for that exemption must be specified – see reasons below</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 checked="" 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? Confidential until confirmation of this FFR has been agreed by SFC.

Further guidance on application of the exclusions from Freedom of Information legislation is available via:

<http://www.itspublicknowledge.info/ScottishPublicAuthorities/ScottishPublicAuthorities.asp>

and

[http://www.itspublicknowledge.info/web/FILES/Public\\_Interest\\_Test.pdf](http://www.itspublicknowledge.info/web/FILES/Public_Interest_Test.pdf)



## **Perth College UHI Financial Forecast Return Commentary 2019/20**

### **INTRODUCTION**

The original Perth College 2019/20 was submitted to SFC through UHI in October 2019. Following completion of the 2019/20 budget, sign off of the 2018/19 Annual Accounts and queries raised by SFC, it has been decided to take the opportunity to resubmit the FFR.

The College Budget for 2019/20 was prepared using the following sources to inform the final outcome approved in principle by College Senior Management Team (SMT) and the Board of Management

- Scottish Funding Council (SFC) Grant Awards circular
- Latest version of the UHI Resource Allocation Model (RAM) based on Academic Partners forecast student numbers
- College Strategic Plan
- Curriculum and support areas Operational Plans.
- Communications/dialogues with individual budget holders within College Management Team (CMT) and SMT.
- Forecast student numbers agreed with Curriculum Managers
- Estates Resource Allocation Plans
- College sector communications

The College Budget for 2019/20 and an initial Air Service Training (AST) budget for 2019/20 have been consolidated into the Financial Forecasting Return (FFR).

The financial forecast reflects the college's strategic plan as far as it is able to so do under the requirements of ONS whereby colleges are required to breakeven or generate a small surplus and to maintain a flat level of cash for each financial year to 31 March. This poses difficulties with long term financial planning and the ability to fund capital projects from reserves.

## **SFC RECURRENT GRANT**

Core grant funding has been included in the Perth College FFR per the published guidelines with a gradual reduction in funding of 4% over the forecasting period.

FE funding for the region has been confirmed by SFC. The funding and credits allocation to each college has been agreed by FERB and is in the same historic proportion as in the current year.

HE funding has also been confirmed by SFC and is allocated using the UHI Resource Allocation Model (RAM) on the basis of agreed delivery targets and any under or over delivery adjusted in the final quarter of the academic year. There is also provision for adjustments to networked delivery using a Micro-Ram which adjusts for teaching by other academic partners on modules which are allocated to a specific partner. Currently Perth College is a net payer for this – the teaching undertaken by Perth on other partners' courses is outweighed by the teaching done by other partners on Perth College courses.

STSS funding has been assumed as 100% for the FFR reporting period.

## **TUITION FEE AND OTHER INCOME**

SASS funded tuition fee income remains flat throughout the FFR reporting period while tuition fees generated by other funding sources are targeting growth within the College Business Development Strategy:

Flexible Workforce Development	-	Annual 5% Increase
Apprenticeships	-	Annual 3% Increase

## **INTERNATIONAL INCOME**

International Income (Tuition Fees and other Commercial Income) at Perth College is modelled within the FFR per the College's International Delivery Strategy, seeking to develop existing International Partnerships (China and Japan) as well as entering emerging markets in Kuwait, India and North America. With the upcoming Coronavirus this has unknown implications on international business for future years.

Perth College plans to double its International Student numbers by the end of the FFR reporting period, generating an additional £1.1m of income (margin around 30%).

## **OTHER INCOME GENERATING ACTIVITIES**

This encompasses other commercial activities at Perth College and includes the Training Restaurant, Hair and Beauty, Nursery, and Language School. Discussions with relevant staff informs these income estimates based on previous results and current expectations. It is anticipated that the higher staff cost base will make it more difficult to secure commercial income as the college competes against private providers and the Language School will have challenges resulting from Brexit. Overall, we have included a projected increase in these income for these areas at 3% per year.

## **OTHER INCOME**

The main contributor to this income category at Perth College is the Academy for Sport & Wellbeing. The ASW is entering its 4<sup>th</sup> year of full operation and with increases in footfall, an annual increase in income of 5% is modelled in the FFR reporting period.

In addition, the College's wholly owned Subsidiary Air Service Training's income is captured here. AST income targets are expected to remain relatively stable over the reporting period but, with an extremely challenging marketplace and developing customer base, maintaining the income levels of AST will require redesign of service provision.

## **STAFF COSTS**

Perth College Staff costs are budgeted using a newly created staff costing model that has become operational in the latter months of the 2018/19 financial year. The costing model is at post level and is calculated for basic salary costs, NI and Pension Cost components. The financial impact of national bargaining harmonisation and job evaluation costs as well as workforce planning requirements.

The financial impact of Cost of Living pay awards are included for all staff and wider modelling is per Public Sector Pay Policy. Pension cost modelling is at the current rates with no alterations to those rates throughout the reporting period and STSS contribution increases have been matched to increase funding to cover the costs.

## **NON STAFF COSTS**

The financial modelling of Perth College's Non Staff Costs are determined, where possible, by the underlying activity stream financial profile (this is specific for areas such as International Income) while generally, other non-staff costs have been inflated by a net 2%. This is to reflect an inflationary increase of 5% but discounted for the underlying requirement to make 3% annual efficiency savings.

## **RISK MANAGEMENT**

The key risks that have been identified when preparing the 2019/20 forecast remain much as they were for recent prior years. These risks have been discussed at length by the College Board of Management both in relation to current and future years.

The main risks are as summarised on the Key Risks Tab of the FFR Workbook and are:

- The Operational and financial impact of Brexit
- UHI Reliance on Core Funding
- Potential of Non-Achievement of Student Number Recruitment Targets
- The Operational and Financial Impact of ONS Classification
- Financial Impacts of Non Funded Cost of living Impacts Originating from National Bargaining

Coronavirus has been considered in the production of the resubmitted FFR, but it is recognised that the financial impact is difficult to quantify at time of writing.

## **FINANCIAL SUSTAINABILITY**

The College recognises the risks posed by an increasing cost base, particularly staff costs, against changing demand and reduced central funding. The current operating and funding model in place across the UHI partnership places an increased risk to financial sustainability. The complexities of delivery across the region and accounting for this, create a sizeable challenge in terms of efficient delivery and management. Workforce planning activity is being done to identify areas of risk and where efficiencies must be sought in order to protect the financial sustainability of the institution. In addition, Perth College SMT will actively participate in the planned strategic review of the UHI internal funding allocation model.

**Graham Little**

Interim Head of Finance

March 2020



**Financial Forecast Return 2019**

College/Region

Contact

Telephone

Email:

<b>DECLARATION:</b>	The attached worksheets represent the financial forecasts for the College/Region. They reflect a financial statement of our academic and physical plans from 2018-19 to 2023-24. Adequate explanations have been provided where requested on the return. The worksheets and their underpinning assumptions have been reviewed and approved by the Board of Management in accordance with their agreed practices. In preparing this financial forecast the College/Region has fully considered the financial implications of all aspects of its strategy and has properly reflected these in the forecast.
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Signed:

Principal/Chief Executive Officer

Date:

Pension Assumptions	2019-20	2020-21	2021-22	2022-23	2023-24	2019-20	2020-21	2021-22	2022-23	2023-24
Employer Contributions	£000	£000	£000	£000	£000	Details of Methodology and Valuation	Details of Methodology and Valuation	Details of Methodology and Valuation	Details of Methodology and Valuation	Details of Methodology and Valuation
STSS	1,763	1,841	1,881	1,929	1,977	1/12 @ 17.5% + 11/12 @ 23%	23%	23%	23%	23%
LGPS	994	1,028	1,058	1,083	1,110	17% Per Last Valuation	17% Per Last Valuation	17% Per Last Valuation	17% Per Last Valuation	17% Per Last Valuation
Standard Life	45	47	49	49	50	5% per Contractual Ts & Cs	5% per Contractual Ts & Cs	5% per Contractual Ts & Cs	5% per Contractual Ts & Cs	5% per Contractual Ts & Cs
Other pension schemes - please state which scheme										
Total	2,802.08	2,915.18	2,987.58	3,061.05	3,137.57					

	Actual 2017-18	Actual 2018-19	Budget 2019-20	Forecast 2020-21	Forecast 2021-22	Forecast 2022-23	Forecast 2023-24	2017-18 - 2018-19	2018-19 - 2019-20	2019-20 - 2020-21	2020-21 - 2021-22	2021-22 - 2022-23	2022-23 - 2023-24
Statement of Comprehensive income and expenditure (Consolidated)	£000	£000	£000	£000	£000	£000	£000	%	%	%	%	%	%
<b>INCOME</b>													
Tuition fees and education contracts	5,629	6,521	6,027	6,214	5,929	5,746	5,591	15.9%	-7.6%	3.1%	-4.6%	-3.1%	-2.7%
Funding council/RSB grants	14,472	16,158	15,808	15,911	15,762	15,615	15,469	11.6%	-2.2%	0.6%	-0.9%	-0.9%	-0.9%
Research grants and contracts	125	652	210	210	210	210	210	422.8%	-67.8%	-0.1%	0.0%	0.0%	0.0%
Revenue grants from Arms Length Foundation	0	0	0	0	0	0	0						
Capital grants from Arms Length Foundation	0	0	0	0	0	0	0						
Other non-government capital grants	0	0	0	0	0	0	0						
Deferred capital grant release (SFC/RSB and non-SFC Government)	197	203	196	196	196	196	196	3.0%	-3.4%	0.2%	0.0%	0.0%	0.0%
Other income	3,602	4,066	4,125	4,261	4,687	5,230	5,574	12.9%	1.5%	3.3%	10.0%	11.6%	6.6%
Investment income	3	13	0	0	0	0	0	337.3%	-100.0%				
<b>Total income before donations and endowments</b>	<b>24,028</b>	<b>27,613</b>	<b>26,366</b>	<b>26,792</b>	<b>26,784</b>	<b>26,997</b>	<b>27,040</b>	<b>14.9%</b>	<b>-4.5%</b>	<b>1.6%</b>	<b>0.0%</b>	<b>0.8%</b>	<b>0.2%</b>
Donations and endowments	0	0	0	0	0	0	0						
<b>Total income</b>	<b>24,028</b>	<b>27,613</b>	<b>26,366</b>	<b>26,792</b>	<b>26,784</b>	<b>26,997</b>	<b>27,040</b>	<b>14.9%</b>	<b>-4.5%</b>	<b>1.6%</b>	<b>0.0%</b>	<b>0.8%</b>	<b>0.2%</b>
<b>EXPENDITURE</b>													
Staff costs	17,774	19,352	19,081	19,744	20,253	20,776	21,312	8.9%	-1.4%	3.5%	2.6%	2.6%	2.6%
Staff costs - exceptional restructuring costs	0	0	0	0	0	0	0						
Exceptional costs - non-staff	0	0	0	0	0	0	0						
Other operating expenses	6,596	7,436	7,242	7,635	7,748	7,936	8,130	12.7%	-2.6%	5.4%	1.5%	2.4%	2.4%
Donation to Arms Length Foundation	0	0	0	0	0	0	0						
Depreciation	1,081	1,058	1,004	949	949	949	949	-2.1%	-5.1%	-5.5%	0.0%	0.0%	0.0%
Interest and other finance costs	27	10	15	10	10	10	10	-63.1%	50.0%	-33.3%	0.0%	0.0%	0.0%
<b>Total expenditure</b>	<b>25,478</b>	<b>27,856</b>	<b>27,342</b>	<b>28,338</b>	<b>28,960</b>	<b>29,671</b>	<b>30,400</b>	<b>9.3%</b>	<b>-1.8%</b>	<b>3.6%</b>	<b>2.2%</b>	<b>2.5%</b>	<b>2.5%</b>
<b>Surplus/(deficit) before other gains and losses and share of operating surplus/deficit of joint ventures and associates</b>	<b>(1,450)</b>	<b>(243)</b>	<b>(976)</b>	<b>(1,546)</b>	<b>(2,176)</b>	<b>(2,674)</b>	<b>(3,360)</b>	<b>-83.2%</b>	<b>301.8%</b>	<b>58.4%</b>	<b>40.7%</b>	<b>22.9%</b>	<b>25.7%</b>
Gain/(loss) on disposal of fixed assets	0	0	0	0	0	0	0						
Gain/(loss) on investments	0	0	0	0	0	0	0						
Share of operating surplus/(deficit) in joint venture(s)	0	0	0	0	0	0	0						
Share of operating surplus/(deficit) in associate(s)	0	0	0	0	0	0	0						
<b>Surplus/(deficit) before tax</b>	<b>(1,450)</b>	<b>(243)</b>	<b>(976)</b>	<b>(1,546)</b>	<b>(2,176)</b>	<b>(2,674)</b>	<b>(3,360)</b>	<b>-83.2%</b>	<b>301.8%</b>	<b>58.4%</b>	<b>40.7%</b>	<b>22.9%</b>	<b>25.7%</b>
Other taxation	0	0	0	0	0	0	0						
<b>Surplus/(deficit) for the year</b>	<b>(1,450)</b>	<b>(243)</b>	<b>(976)</b>	<b>(1,546)</b>	<b>(2,176)</b>	<b>(2,674)</b>	<b>(3,360)</b>	<b>-83.2%</b>	<b>301.8%</b>	<b>58.4%</b>	<b>40.7%</b>	<b>22.9%</b>	<b>25.7%</b>
Unrealised surplus on revaluation of land and buildings	0	0	0	0	0	0	0						
Actuarial (loss)/gain in respect of pension schemes	0	0	0	0	0	0	0						
Other comprehensive income	0	0	0	0	0	0	0						
<b>Total comprehensive income for the year</b>	<b>(1,450)</b>	<b>(243)</b>	<b>(976)</b>	<b>(1,546)</b>	<b>(2,176)</b>	<b>(2,674)</b>	<b>(3,360)</b>	<b>-83.2%</b>	<b>301.8%</b>	<b>58.4%</b>	<b>40.7%</b>	<b>22.9%</b>	<b>25.7%</b>

	Actual 2017-18 £000	Actual 2018-19 £000	Budget 2019-20 £000	Forecast 2020-21 £000	Forecast 2021-22 £000	Forecast 2022-23 £000	Forecast 2023-24 £000	2017-18 - 2018-19 %	2018-19 - 2019-20 20 %	2019-20 - 2020-21 21 %	2020-21- 2021-22 22 %	2021-22 - 2022-23 23 %	2022-23 - 2023-24 24 %
<b>ADJUSTED OPERATING RESULT</b>													
<b>Surplus/(deficit) before other gains and losses and share of operating surplus/deficit of joint ventures and associates</b>	<b>(1,450)</b>	<b>(243)</b>	<b>(976)</b>	<b>(1,546)</b>	<b>(2,176)</b>	<b>(2,674)</b>	<b>(3,360)</b>						
<b>Add:</b>													
Total depreciation (Government-funded, privately funded and NPD-funded assets) net of deferred capital grant release ( <i>incorporated colleges only</i> )	884	855	808	752	752	752	752	-3.3%	-5.5%	-6.9%	0.0%	0.0%	0.0%
Exceptional non-restructuring items (e.g. impairment costs)	0	0	0	0	0	0	0						
Donation to Arms-Length Foundation (incorporated colleges only)	0	0	0	0	0	0	0						
Non-cash pension adjustment - net service cost	737	1,010	0	0	0	0	0	37.0%	-100.0%				
Non-cash pension adjustment - ERP	0	0	0	0	0	0	0						
Non-cash pension adjustment -net interest costs	230	64	0	0	0	0	0						
<b>Deduct:</b>													
Non-Government capital grants (e.g. ALF capital grant)	0	0	0	0	0	0	0						
Exceptional income (if disclosed as exceptional in accounts)	0	0	0	0	0	0	0						
CBP allocated to loan repayments and other capital items ( <i>incorporated colleges only</i> )	400	412	0	0	0	0	0	3.0%	-100.0%				
NPD payments to reduce NPD balance sheet debt	0	0	0	0	0	0	0						
<b>Adjusted operating result</b>	<b>1</b>	<b>1,274</b>	<b>(168)</b>	<b>(794)</b>	<b>(1,423)</b>	<b>(1,922)</b>	<b>(2,608)</b>	201782.5%	-113.2%	371.6%	79.3%	35.0%	35.7%
<b>Cash budget for priorities (<i>incorporated colleges</i>) :</b>													
<b>Revenue priorities</b>													
Student support funding	0	0	0	0	0	0	0						
2015-16 pay award	0	0	0	0	0	0	0						
Voluntary severance	0	0	0	0	0	0	0						
Estates costs	0	0	0	0	0	0	0						
Other - please describe	0	0	0	0	0	0	0						
<b>Total impact on operating position</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>						
<b>Capital priorities</b>													
Loan repayments	400	412	0	0	0	0	0						
NPD / PFI repayments	0	0	0	0	0	0	0						
Estates costs	0	0	0	0	0	0	0						
Provisions pre 1 April 2014	0	0	0	0	0	0	0						
<b>Total capital</b>	<b>400</b>	<b>412</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>						
<b>Total cash budget for priorities spend</b>	<b>400</b>	<b>412</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>						



	Actual 2017-18 £000	Actual 2018-19 £000	Budget 2019-20 £000	Forecast 2020-21 £000	Forecast 2021-22 £000	Forecast 2022-23 £000	Forecast 2023-24 £000	2017-18 - 2018-19 %	2018-19 - 2019-20 %	2019-20 - 2020-21 %	2020-21- 2021-22 %	2021-22 - 2022-23 %	2022-23 - 2023-24 %
<b>Staff costs</b>													
Salaries	13,548	14,531	14,850	15,292	15,677	16,069	16,470	7.3%	2.2%	3.0%	2.5%	2.5%	2.5%
Social Security costs	1,243	1,606	1,516	1,573	1,627	1,684	1,743	29.2%	-5.6%	3.8%	3.4%	3.5%	3.5%
Other pension costs	2,246	3,215	2,765	2,879	2,949	3,023	3,099	43.1%	-14.0%	4.1%	2.4%	2.5%	2.5%
FRS 102 pensions adjustments	737							-100.0%					
<b>Total</b>	<b>17,774</b>	<b>19,352</b>	<b>19,131</b>	<b>19,744</b>	<b>20,253</b>	<b>20,776</b>	<b>21,312</b>	<b>8.9%</b>	<b>-1.1%</b>	<b>3.2%</b>	<b>2.6%</b>	<b>2.6%</b>	<b>2.6%</b>

Balance Sheet		Actual 2017-18	Actual 2018-19	Budget 2019-20	Forecast 2020-21	Forecast 2021-22	Forecast 2022-23	Forecast 2023-24	2017-18 - 2018-19	2018-19 - 2019-20	2019-20 - 2020-21	2020-21 - 2021-22	2021-22 - 2022-23	2022-23 - 2023-24
		£000	£000	£000	£000	£000	£000	£000	%	%	%	%	%	%
1 Non-current assets	a) Intangible assets	0	0	0	0	0	0	0	2.2%					
	b) Fixed assets	36,533	35,617	34,613	33,664	32,715	31,767	30,818	-2.5%	-2.8%	-2.7%	-2.8%	-2.9%	-3.0%
	c) Investments	0	0	20	20	20	20	20			0.0%	0.0%	0.0%	0.0%
<b>Total non-current assets</b>		<b>36,533</b>	<b>35,617</b>	<b>34,633</b>	<b>33,684</b>	<b>32,735</b>	<b>31,787</b>	<b>30,838</b>	<b>-2.5%</b>	<b>-2.8%</b>	<b>-2.7%</b>	<b>-2.8%</b>	<b>-2.9%</b>	<b>-3.0%</b>
2 Current assets	a) Stock	19	16	18	18	18	18	18	-15.8%	12.5%	0.0%	0.0%	0.0%	0.0%
	b) Debtors	1,194	2,127	1,300	1,300	1,300	1,300	1,300	78.1%	-38.9%	0.0%	0.0%	0.0%	0.0%
	c) Investments	0	0	0	0	0	0	0						
	d) Cash and cash equivalents	2,188	2,756	2,325	779	-1,397	-3,878	-6,290	26.0%	-15.6%	-66.5%	-279.5%	177.6%	62.2%
	e) Other (e.g. assets for resale)	0	230	0	0	0	0	0		-100.0%				
<b>Total current assets</b>		<b>3,401</b>	<b>5,129</b>	<b>3,643</b>	<b>2,097</b>	<b>(79)</b>	<b>(2,560)</b>	<b>(4,972)</b>	<b>50.8%</b>	<b>-29.0%</b>	<b>-42.4%</b>	<b>-103.8%</b>	<b>3130.5%</b>	<b>94.2%</b>
3 Creditors: amounts falling due within one year	a) Bank loans and external borrowing	0	0	0	0	0	0	0						
	b) Bank overdrafts	0	0	0	0	0	0	0						
	c) Lennartz creditor	0	0	0	0	0	0	0						
	d) Obligations under finance leases and service concessions	0	0	0	0	0	0	0						
	e) Payments received in advance	0	0	0	0	0	0	0						
	f) Amounts owed to Funding Council	0	0	0	0	0	0	0						
	g) Obligations under PFI/NPD	0	0	0	0	0	0	0						
	h) Deferred capital grant	0	0	0	0	0	0	0						
	i) Other creditors and accruals	5,529	5,084	3,987	3,987	3,987	3,987	3,987	-8.0%	-21.6%	0.0%	0.0%	0.0%	0.0%
<b>Total creditors &lt; 1year</b>		<b>5,529</b>	<b>5,084</b>	<b>3,987</b>	<b>3,987</b>	<b>3,987</b>	<b>3,987</b>	<b>3,987</b>	<b>-8.0%</b>	<b>-21.6%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Share of net assets/(liabilities) in associate</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>						
<b>NET CURRENT ASSETS/LIABILITIES</b>		<b>(2,128)</b>	<b>45</b>	<b>(344)</b>	<b>(1,890)</b>	<b>(4,066)</b>	<b>(6,547)</b>	<b>(8,959)</b>	<b>-102.1%</b>	<b>-864.4%</b>	<b>449.5%</b>	<b>115.1%</b>	<b>61.0%</b>	<b>36.8%</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>34,405</b>	<b>35,662</b>	<b>34,289</b>	<b>31,794</b>	<b>28,669</b>	<b>25,239</b>	<b>21,879</b>	<b>3.7%</b>	<b>-3.9%</b>	<b>-7.3%</b>	<b>-9.8%</b>	<b>-12.0%</b>	<b>-13.3%</b>
4 Creditors: amounts falling due after more than one year	a) Local authority loans	0	0	0	0	0	0	0						
	b) Bank loans and external borrowing	0	0	0	0	0	0	0						
	c) Lennartz creditor	0	0	0	0	0	0	0						
	d) Finance leases and service concessions	0	0	0	0	0	0	0						
	e) Obligations under PFI/NPD	0	0	0	0	0	0	0						
	f) Deferred capital grant	0	0	0	0	0	0	0						
	g) Amounts repayable to Funding Council	0	0	0	0	0	0	0						
	h) Other creditors	5,268	5,374	5,069	5,069	5,069	5,069	5,069	2.0%	-5.7%	0.0%	0.0%	0.0%	0.0%
<b>Total creditors &gt;1 year</b>		<b>5,268</b>	<b>5,374</b>	<b>5,069</b>	<b>5,069</b>	<b>5,069</b>	<b>5,069</b>	<b>5,069</b>	<b>2.0%</b>	<b>-5.7%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
5 Provisions	a) Pension provisions	2,883	5,683	2,883	2,883	2,883	2,883	2,883	97.1%	-49.3%	0.0%	0.0%	0.0%	0.0%
	b) Other	0	250	0	0	0	0	0		-100.0%				
<b>Total provisions</b>		<b>2,883</b>	<b>5,933</b>	<b>2,883</b>	<b>2,883</b>	<b>2,883</b>	<b>2,883</b>	<b>2,883</b>	<b>105.8%</b>	<b>-51.4%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>TOTAL NET ASSETS</b>		<b>26,254</b>	<b>24,355</b>	<b>26,337</b>	<b>23,842</b>	<b>20,717</b>	<b>17,287</b>	<b>13,927</b>	<b>-7.2%</b>	<b>8.1%</b>	<b>-9.5%</b>	<b>-13.1%</b>	<b>-16.6%</b>	<b>-19.4%</b>
9 Restricted Reserves	a) Endowment Reserve	0	0	0	0	0	0	0						
	b) Restricted Reserve	-2,883	-5,683	-3,140	-3,140	-3,140	-3,140	-3,140	97.1%	-44.7%	0.0%	0.0%	0.0%	0.0%
10 Unrestricted reserves	a) Income and Expenditure Reserve	11,188	12,393	12,338	10,342	7,717	5,543	2,683	10.8%	-0.4%	-16.2%	-25.4%	-28.2%	-51.6%
	b) Revaluation reserve	17,949	17,645	17,145	16,645	16,145	14,889	14,389	-1.7%	-2.8%	-2.9%	-3.0%	-7.8%	-3.4%
11 Non-controlling interest		0	0	0	0	0	0	0						
<b>TOTAL RESERVES</b>		<b>26,254</b>	<b>24,355</b>	<b>26,343</b>	<b>23,847</b>	<b>20,722</b>	<b>17,292</b>	<b>13,932</b>	<b>-7.2%</b>	<b>8.2%</b>	<b>-9.5%</b>	<b>-13.1%</b>	<b>-16.6%</b>	<b>-19.4%</b>

	Actual 2017-18 £000	Actual 2018-19 £000	Budget 2019-20 £000	Forecast 2020-21 £000	Forecast 2021-22 £000	Forecast 2022-23 £000	Forecast 2023-24 £000	2017-18 - 2018-19 - 2019-20 - 2020-21 - 2021-22 - 2022-23 - 2023-24	19 %	20 %	21 %	22 %	23 %	24 %
Cashflow														
1 Cash flow from operating activities														
a) Surplus / (deficit) for the year	-1450.2001	-243	-976	-1546	-2176	-2674	-3360	497%						
2 Adjustment for non-cash items														
a) Depreciation	1,081	1,058	1,004	949	949	949	949	2%	(5%)	(5%)	0%	0%	0%	0%
b) Amortisation of intangibles	0	0	0	0	0	0	0							
c) Benefit on acquisition	0	0	0	0	0	0	0							
d) Amortisation of goodwill	0	0	0	0	0	0	0							
e) Loss / (gain) on investments	0	0	0	0	0	0	0							
f) Decrease / (increase) in stock	(1)	0	24	0	0	0	0	(100%)		(100%)				
g) Decrease / (increase) in debtors	(22)	(932)	433	0	0	0	0	4146%	(146%)	(100%)				
h) Increase / (decrease) in creditors	787	(150)	(479)	0	0	0	0	(119%)	219%	(100%)				
i) Increase / (decrease) in pension provision	979	1,088	0	0	0	0	0	11%	(100%)					
j) Increase / (decrease) in other provisions	0	250	0	0	0	0	0		(100%)					
k) Receipt of donated equipment	0	0	0	0	0	0	0							
l) Share of operating surplus / (deficit) in joint venture	0	0	0	0	0	0	0							
m) Share of operating surplus / (deficit) in associate	0	0	0	0	0	0	0							
n) Other	0	0	0	0	0	0	0							
Total adjustment for non-cash items	2,824	1,314	982	949	949	949	949	(53%)	(25%)	(3%)	0%	0%	0%	0%
3 Adjustment for investing or financing activities														
a) Investment income	(3)	(13)	0	0	0	0	0	333%	(100%)					
b) Interest payable	27	10	15	10	10	10	10	(63%)	50%	(33%)	0%	0%	0%	0%
c) Endowment income	0	0	0	0	0	0	0							
d) Loss / (gain) on the sale of assets	0	0	0	0	0	0	0							
e) Capital grant income	(197)	(203)	(197)	(197)	(197)	(197)	(197)	3%	(3%)	0%	0%	0%	0%	0%
Total adjustment for investing or financing activities	(173)	(206)	(182)	(187)	(187)	(187)	(187)	19%	(12%)	3%	0%	0%	0%	0%
4 Net cash inflow from operating activities	1,201	865	(176)	(785)	(1,414)	(1,912)	(2,599)	(28%)	(120%)	345%	80%	35%	36%	36%
5 Cash flow from investing activities														
a) Proceeds from sales of fixed assets	0	0	0	0	0	0	0							
b) Proceeds from sales of intangible assets	0	0	0	0	0	0	0							
c) Capital grants receipts	0	0	0	0	0	0	0							
d) Disposal of non-current asset investments	0	0	0	0	0	0	0							
e) Withdrawal of deposits	0	0	0	0	0	0	0							
f) Investment income	0	0	0	0	0	0	0							
g) Payments made to acquire fixed assets	0	0	0	0	0	0	0							
h) Payments made to acquire intangible assets	0	0	0	0	0	0	0							
i) New non-current asset investments	0	0	0	0	0	0	0							
j) New deposits	0	0	0	0	0	0	0							
Total cash flows from investing activities	0	0	0	0	0	0	0							
6 Cash flows from financing activities														
a) Interest paid	(27)	(10)	(15)	(10)	(10)	(10)	(10)	(63%)	50%	(33%)	0%	0%	0%	0%
b) Interest element of finance lease and service concession	3	13	0	0	0	0	0	333%	(100%)					
c) Endowment cash received	0	0	0	0	0	0	0							
d) New secured loans	0	0	0	0	0	0	0							
e) New unsecured loans	0	0	0	0	0	0	0							
f) Repayments of amounts borrowed	(400)	(300)	0	0	0	0	0	(25%)	(100%)					
g) Capital element of finance lease and service concession payments	0	0	0	0	0	0	0							
Total cash flows from financing activities	(424)	(297)	(15)	(10)	(10)	(10)	(10)	(30%)	(95%)	(33%)	0%	0%	0%	0%
7 (Decrease) / increase in cash and cash equivalents in the year	777	568	(191)	(795)	(1,424)	(1,922)	(2,609)	(27%)	(134%)	315%	79%	35%	36%	36%
8 Cash and cash equivalents at beginning of the year	1,411	2,188	2,756	2,325	779	(1,397)	(3,878)	55%	26%	(16%)	(67%)	(279%)	178%	178%
9 Cash and cash equivalents at the end of the year	2,188	2,756	2,325	779	(1,397)	(3,878)	(6,290)	26%	(16%)	(67%)	(279%)	178%	62%	62%

Perth College UHI

Capital Expenditure Projects and Forecast Methods of Financing

**Expenditure:**

Land & Buildings

Equipment & Others

**Financed by:**

Cash reserves

Arms Length Foundation

Leasing

SFC/RSB grant

Re-investment of proceeds from disposal of assets \*

Non-SFC/RSB grants

PFI/NPD

Other - please specify if material

Actual 2017-18 £000	Actual 2018-19 £000	Budget 2019-20 £000	Forecast 2020-21 £000	Forecast 2021-22 £000	Forecast 2022-23 £000	Forecast 2023-24 £000	2017-18 - 2018-19 %	2018-19 - 2019-20 %	2019-20 - 2020-21 %	2020-21 - 2021-22 %	2021-22 - 2022-23 %	2022-23 - 2023-24 %
0		0	0	0	0	0						
580	787	622	622	622	622	622	35.8%	-21.0%	0.0%	0.0%	0.0%	0.0%
580	787	622	622	622	622	622	35.8%	-21.0%	0.0%	0.0%	0.0%	0.0%
0	0	0	0	0	0	0						
0	0	0	0	0	0	0						
0	0	0	0	0	0	0						
580	787	622	622	622	622	622	35.8%	-21.0%	0.0%	0.0%	0.0%	0.0%
0	0	0	0	0	0	0						
0	0	0	0	0	0	0						
0	0	0	0	0	0	0						
0	0	0	0	0	0	0						
580	787	622	622	622	622	622	35.8%	-21.0%	0.0%	0.0%	0.0%	0.0%

\* to be included only where this has been agreed by SFC

Capital disposals

**Disposal proceeds:**

Asset description

Asset description

Asset description

Asset description

0	0	0	0	0	0	0

**Gain/(loss) on disposal:**

Asset description

Asset description

Asset description

Asset description

0	0	0	0	0	0	0

## ALF Funding

**Note:**

For most foundations, the most recent accounts available are for periods ending in 2018. Colleges' forecast movements will not include governance costs, donations from third parties, payments to third parties or investment income.

**Grant from Arms Length Foundation - revenue**

Description	0	0	0	0	0	0	0
Description	0	0	0	0	0	0	0
Description	0	0	0	0	0	0	0
Description	0	0	0	0	0	0	0
Description	0	0	0	0	0	0	0
Description	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0

## FINANCIAL SUMMARY

Actual 2017-18	Actual 2018-19	Budget 2019-20	Forecast 2020-21	Forecast 2021-22	Forecast 2022-23	Forecast 2023-24
£000	£000	£000	£000	£000	£000	£000

Income ratios							
Total Income	24,028	27,613	26,366	26,792	26,784	26,997	27,040
Total Funding Council Grant (excluding release of deferred capital grant) as % of Total Income	60%	59%	60%	59%	59%	58%	57%
Total non-Funding Council Grant (including release of SFC DCG) as % of Total Income	40%	41%	40%	41%	41%	42%	43%
Total Education Contracts and Tuition Fees as % of Total Income	23%	24%	23%	23%	22%	21%	21%
Total Research Grants and Contracts as % of Total Income	1%	2%	1%	1%	1%	1%	1%
Total Other Income as % of Total Income	15%	15%	16%	16%	17%	19%	21%

Expenditure ratios							
Total Expenditure	25,478	27,856	27,342	28,338	28,960	29,671	30,400
Salaries as % of Total Expenditure	70%	69%	70%	70%	70%	70%	70%
Other operating costs as % of Total Expenditure	26%	27%	26%	27%	27%	27%	27%
Depreciation/amortisation as % of Total Expenditure	4%	4%	4%	3%	3%	3%	3%

Operating position							
Operating Surplus/(deficit)	-1,450	-243	-976	-1,546	-2,176	-2,674	-3,360
Operating Surplus/(deficit) as % of Total Income	-6%	-1%	-4%	-6%	-8%	-10%	-12%
Adjusted operating surplus/(deficit)	1	1,274	-168	-794	-1,423	-1,922	-2,608
Adjusted operating surplus/(deficit) as % of Total Income	0.0%	4.6%	-0.6%	-3.0%	-5.3%	-7.1%	-9.6%

Cash Position							
Cash and Current Asset Investments	2,188	2,756	2,325	779	-1,397	-3,878	-6,290
Overdrafts	0	0	0	0	0	0	0
Days Ratio of Cash to Total Expenditure	33	38	32	10	-18	-49	-78

Balance Sheet strength							
Unrestricted reserves	11,188	12,393	12,338	10,342	7,717	5,543	2,683
Current Ratio	0.62	1.01	0.91	0.53	-0.02	-0.64	-1.25
Unrestricted reserves as % of Total Income	47%	45%	47%	39%	29%	21%	10%
Total borrowing (Overdrafts, Loans, Finance Leases, PFI/NPD)	0	0	0	0	0	0	0
Interest cover	-52.53	-23.30	-64.09	-153.64	-216.58	-266.42	-335.04

## Perth College UHI

### FFR Appendix 1 – Key Risks

Commentary on material risks to income and expenditure as identified in the Risk Register.	Actions planned by the College to address/mitigate the identified risks.
<p><b>BREXIT</b></p> <p>Perth College Senior Management Team (SMT) recognise the potentially material impact of the ongoing Brexit process to student numbers, EU based funding streams and consequently, the future financial sustainability of the College. SMT make specific note of the time bound guarantee by the SFC for EU Student Tuition Fees ending after 20/21.</p>	<p>In 2019/20, Perth College are entering into a three phase International Delivery Strategy central to overall strategic income diversification. Phase 2 will see the College capitalise on already strong International Delivery Partnerships, delivering both in country as well as at home in Perth. 2019/20 sees the College set challenging stretch income targets for International income of £900k to be delivered by targeted increases in already established International partnerships in China and Japan. Further, the College will target growth in emerging markets by forging new International Partnerships in Kuwait (in partnership with our wholly owned subsidiary, (Air Service Training), India and in North America. Phase 2 targets the doubling of International student numbers as a result of the reintroduction of the post study work visa and a directly attributable increase in the surplus related to the delivery of this provision. Margin increase is expected due to optimisation of class capacity with students "infilling" into classes already being taught. Phase 3 of our International Strategy will commence in 2022 with a further projected increase in International income as well as continuing organic increases in margin with economies of scale. Countries identified as target emerging markets include Vietnam, Malaysia and Thailand. A business delivery model review will also be conducted in Phase 3, specifically targeting financial cost benefit analysis of On-Campus delivery, TNE programmes considering the impacts of flying faculty versus dedicated staff and the consideration of a dedicated International Delivery commercial subsidiary. At this point in time, there is unknown impacts of the Coronavirus on existing international partnerships or how this will affect new opportunities including the UK as a destination for overseas students. the re-introduction of the Post Study Work visa will help to grow this activity. It is envisaged that while ESIF will no longer be available, it is likely that a UK Shared Prosperity Fund will be introduced to reduce the impact of the loss of ESIF.</p>

<p><b>UHI RELIANCE ON SFC CORE FUNDING</b> SMT acknowledge Perth College's and other UHI Academic Partners' reliance on SFC core funding (over 80% per Colleges Scotland) and cite this funding dependency as a material risk to the financial sustainability of the College. This reliance is further exacerbated by 95% of the College's student body being made up of home domiciled students, again demonstrating a disproportionately prohibitive student funding profile diversification of that has been historically restricted by UKVI Visa Restrictions.</p>	<p>In addition to the International Expansion Strategy above, Perth College will become an influential driver in the Perth and Kinross region Skills Realignment requirement as informed by labour market forecast and specific requirements of local businesses. The College's Business Development Professionals will drive internal development of existing expertise to focus on supporting the region in growth Industries such as Health &amp; Social Care and Construction among others and will capitalise on already strong partnerships in Flexible Workforce Development, Foundation/Modern/Graduate Apprenticeship and wider Industry. A further significant strand of the College's Regional Business Development Strategy is to develop reciprocal partnerships with local businesses that will see Perth College provide professional training support for their staff members while providing Perth College staff with crucial Industry experience and training. Innovation and Research funding collaborations will be targeted in partnership with our regional, national and international academic and industry partners.</p>
<p><b>NON-ACHIEVEMENT OF STUDENT NUMBER TARGETS</b> As with all other Scottish Colleges, the Perth College SMT recognise the impact of changing demographics of the traditional College customer, young people staying at school longer and the Widening Access Agenda on student recruitment numbers.</p>	<p>Perth College will continue to develop existing relationships with regional feeder institutions including Schools and local businesses. In addition, the SMT will undertake a full curriculum review in the coming year to review, realign and optimise our academic delivery while capitalising on areas of academic specialism. The College will continue to actively participate in the UHI partnership model, advocating dynamic approaches to develop an appropriate academic delivery models and are well represented on the UHI Programme Board whose agenda is to develop the current partnership model with the underlying objective of Partnership Sustainability.</p>
<p><b>ESTATE CONDITION &amp; DIGITAL ESTATE</b> Perth College SMT consider the College Estate (both traditional and digital) to be of material risk to the sustainability of our Institution. Findings of the Backlog Maintenance Report carried out during 2017/18 demonstrate the immediate requirement of significant financial investment in the Perth College campus, with specific focus on the ageing Goodlyburn building. This risk is further compounded by the reduction in core Capital Funding.</p>	<p>The Perth College SMT channelled all available funds into investment in the College Estate during 2018/19 and this has resulted in a significant superficial upgrade to the Estate. College Management will continue to manage Capital Funding to optimise value for money in all Estates works. In addition, Senior Management are developing a detailed Digital Estate Strategy in order to optimise use of existing equipment while searching out innovative approaches to replacement. Perth College are project leaders in an ambitious Tay Cities Deal project that would see a UK Government Capital Investment of £6M in the College estate, with the creation of a purpose built Aviation Academy on the College Estate. The Tay Cities deal is progressing with Full Deal status estimated for around November 2019.</p>



<p><b>IMPACT/RESTRICTIONS OF ONS CLASSIFICATION</b></p> <p>The College's ONS classification challenges financial management practices that allow "saving to invest" schemes. Consequently, Perth College SMT recognise our ONS classification as a material risk to the College's financial sustainability.</p>	<p>Perth College SMT will continue to strive for best value in all financial transactions, particularly focusing on two large value contracts due for renewal in 2019/20, namely our Catering Contract (comprising both Academic Catering and on site catering provision) and Student Residences Management Contract. Our dedicated APUC professional will assertively manage these contract renewals to ensure improvements in service provision as well as financial best value. Further, SMT recognise the challenges of the "In-Year" funding model and will aim to alleviate funding pressures using the College's wholly owned subsidiary Air Service Training, it's Academy for Sport and Wellbeing and its Arm's Length Development Trust to diversify less restricted funding sources.</p>
<p><b>FINANCIAL IMPACT OF NON FUNDED COST OF LIVING IMPACTS ORIGINATING FROM NATIONAL BARGAINING</b></p> <p>Perth College SMT recognise the financial impact of Non funded National Bargaining Funding as a significant and material risk to the financial sustainability of the College.</p>	<p>The financial impact of this onerous funding arrangement will drive the SMT of Perth College to strategically review College internal structures, full curriculum review and reassessment of all academic delivery approaches. It is planned to carry forward a small surplus from 2018/19 for the purposes of implementing a longer term financial sustainability plan through the creation of a re-aligned College structure.</p>
<p><b>CORONAVIRUS</b></p> <p>The risk posed by the Coronavirus and the impact it will have on Perth College is not fully measurable at time of writing. College management are working with relevant agencies to ensure that proper and correct action is taken.</p>	<p>At time of writing the College has regular meetings of it's Coronavirus Resilience Group scheduled with representation from across the College Management Team. Perth College whilst unable to identify the exact shape of services going forward has worked within it's disaster recovery arrangements and has made contingency plans for home working across a number of functions should the need arise.</p>

## Perth College UHI

Paper No. 9

<b>Committee</b>	Board of Management
<b>Subject</b>	Principal's update
<b>Date of Committee meeting</b>	18/03/2020
<b>Author</b>	Dr Margaret Cook, Principal & Chief Executive
<b>Date paper prepared</b>	12/03/2020
<b>Executive summary of the paper</b>	This paper provides an update on current & recent work undertaken by the Principal
<b>Consultation</b> How has consultation with partners been carried out?	N/A
<b>Action requested</b>	<input type="checkbox"/> For information only <input checked="" type="checkbox"/> For discussion <input type="checkbox"/> For recommendation <input type="checkbox"/> For approval
<b>Resource implications</b> (If yes, please provide details)	No
<b>Risk implications</b> (If yes, please provide details)	No Click or tap here to enter text.
<b>Link with strategy</b> Please highlight how the paper links to the Strategic Plan, or assist with:	Click or tap here to enter text.

## Perth College UHI

<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>	
<p><b><u>Equality and diversity</u></b></p> <p>Yes/ No</p> <p>If yes, please give details:</p>	No
<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><b>No</b></p> <p>If yes, please give details:</p> <p>Click or tap here to enter text.</p>
<p><b><u>Data Protection</u></b></p> <p>Does this activity/ proposal require a Data Protection Impact Assessment?</p>	<p>No</p> <p>Click or tap here to enter text.</p>
<p><b>Status</b> (e.g. confidential/non confidential)</p>	Non-Confidential
<p><b>Freedom of information</b></p> <p>Can this paper be included in “open” business?*</p>	Yes

\* If a paper should **not** be included within ‘open’ business, please highlight below the reason.

## Perth College UHI

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.

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## **Perth College UHI**

### **Principals Report – Board Meeting 18 March 2020**

#### **Introduction**

This has been a particularly busy time with many activities taking place internally and externally. The majority of activities are highlighted below along with business as usual.

#### **Internal Issues**

The Senior Team and others across the institution have concentrated on the work surrounding the External Audit and the UHI investigation into the issues of concern raised to the Auditor General. This has been covered extensively in the cycle of Board meetings and has resulted in the production of the plan of activities to address the issues which is on the agenda for this Board meeting. The Senior Team is pleased to have all of the issues now out on the table and a plan of action in place, there is still more work to do in consolidating the plan but this will be covered after the meeting tonight and will then be routinely reported on in the Board cycle going forward. This is a significant piece of work but will impact positively on the institution going forward.

We have also spent significant time on the Consultation Process and have met with the Trade Unions nine times since the process was launched in October 2019. This is also on the agenda for discussion tonight.

The routine Partnership Councils have taken place each month but there is little evidence of any progress being made towards the aims of the Partnership Assembly. This is an area of concern across the partnership and further discussion on the substantial issues is required. There is a sense of a move towards centralisation of all issues to Executive Office without proper discussion with relevant parties and there has been no Board involvement with this process. Brian will cover the issues with the Governance Working Group where progress has been made.

One of the areas of concern has been a continuing discussion on the revision of the Academic Partner Agreements which are old documents which do not reflect the current reality but given the Assembly work there is reluctance on the part of the partnership to pursue this at this time. Some work has been done on this area.

We had a visit from Maree Todd, the Minister for Children and Families to discuss our Childcare provision, this was a very interesting visit and our staff and students enjoyed meeting the Minister and discussing the work we are doing in this area.

The focus of our Staff Conference was on digital in all of its guises. We concentrated both on the impact of digital on teaching and learning but also the issues in all other areas of our work. This was well received and thanks go to the small working group who now manage the Staff Conferences, this group has instigated changes in the format and content of these events which has been welcomed by the staff. We had Karran Bonner as a keynote speaker who concentrated on issues of staff wellbeing and this was particularly positive.

We welcomed a number of staff to a celebratory lunch marking their achievements in gaining qualifications supported by the institution. It is always good to hear about staff achievements and the positive impact this has on their work within the College. We also had one member of staff this year who reached 25 years' service.

### **External Activities**

I continue to be involved in a number of external activities which are beneficial to the College/Sector.

The Cumberland/Little report was launched last month, this report was commissioned by the Scottish Government as the other half of the two reports covering both FE and HE, the HE report was launched in December 2019, this was written by Professor Sir Anton Muscatelli. The Cumberland/Little report looks to the shape and purpose of the College sector of the future and we are currently considering how to engage the Board with its findings and may do this through one of the Board Development evenings. This report dovetails well with the work of the Colleges for the Future, the report commissioned by the 4-Nations Grouping to look at this issue across all of the nations. To this end I attended the 4-Nations conference in January.

I have also attended the Boards of Colleges Scotland and APUC whilst continuing to contribute to the National Joint Negotiating Committees as a management side negotiator.

Lastly I am undertaking the Strategic Leadership Programme which is a 9 month programme delivered by the Said Business School, University of Oxford.

This initiative is to develop current Principals and Chief Executives from the 4 nations and the places are sponsored by CDN in Scotland. There is a suite of programmes associated with this initiative and we are currently looking at what opportunities can be made available to colleagues in the institution in leadership development.

## Perth College UHI

Paper No. 10

<b>Committee</b>	Board of Management
<b>Subject</b>	HISA Perth update
<b>Date of Committee meeting</b>	18/03/2020
<b>Author</b>	Amy Studders, HISA Perth President
<b>Date paper prepared</b>	11/03/2020
<b>Executive summary of the paper</b>	This paper provides an update on the current work being undertaken by HISA Perth
<b>Consultation</b> How has consultation with partners been carried out?	N/A
<b>Action requested</b>	<input type="checkbox"/> For information only <input checked="" type="checkbox"/> For discussion <input type="checkbox"/> For recommendation <input type="checkbox"/> For approval
<b>Resource implications</b> (If yes, please provide details)	No
<b>Risk implications</b> (If yes, please provide details)	No Click or tap here to enter text.
<b>Link with strategy</b> Please highlight how the paper links to the Strategic Plan, or assist with:	Click or tap here to enter text.



## Perth College UHI

<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>	
<p><b><u>Equality and diversity</u></b></p> <p>Yes/ No</p> <p>If yes, please give details:</p>	No
<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><b>No</b></p> <p>If yes, please give details:</p> <p>Click or tap here to enter text.</p>
<p><b><u>Data Protection</u></b></p> <p>Does this activity/ proposal require a Data Protection Impact Assessment?</p>	<p>No</p> <p>Click or tap here to enter text.</p>
<p><b>Status</b> (e.g. confidential/non confidential)</p>	Non-Confidential
<p><b>Freedom of information</b></p> <p>Can this paper be included in “open” business?*</p>	Yes

\* If a paper should **not** be included within ‘open’ business, please highlight below the reason.

## Perth College UHI

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# HISA Perth Update

## Operational

- We are in the process of asking students to create our new signage. - most has been complete we now have our welcome sign complete



- We are reviewing our internal working processes. This includes increasing the amount of co-creation (eg: SPA, Mental Health Champions) work we do with the College, and collaborative initiatives with external organisations. The Colleges and it's teams have been instrumental for the organisation as we go through this period of growth in order to serve our members, and the college community better. Working collaboratively with the college and external organisations, in order to increase our capacity in the spirit of partnership, so we can bring innovative initiatives.
- We are making communication a priority for the organisation as we move forward into the new year. Our efforts will be directed into building our Class Reps, Societies, On-site, and Online communities. We are reviewing our systems for better accountability to our members and stakeholders in terms of outcomes - to properly communicate the difference and value we bring to the college, and Perth community. This will be reflected in an investment into a new communications intern to increase & better manage our promotion and communication of our activities.
- We have recruited a new communication intern who started on the 23rd January to help us with all means of communication; social media, promotion and content. They will be liaising with the regional HISA Communications Coordinator.
- We are also in the process of recruiting a new full time HISA Perth Staff Coordinator. Interviews were held on the 20th February, with the Head of Student Experience at Perth College on the interview panel and have appointed the new staff member, they will commence work on the 13th April 2020.

## Class Reps

- Following advice from Education Scotland, the associations Students Representative Council will be run differently this year. We will be carrying out SRC Gatherings by curriculum area. In an effort to create a real 3 way communication between students, HISA, and the College
- We have had our first Class Rep Committee Gathering on the 26th and 27th December. A report was created and given to the reps on the outcome of that meeting.
- Our second meeting was held on the 18th and 19th February - a report is in process of being made
- We are taking 5 class reps with us to HISA Con from the 29th to the 31st January, HISA's regional council held every year in Inverness, where we debate and vote on policies. This year students have the opportunity to create their own proposal ideas for policies and send them in, they will meet with other delegates from across the UHI Partnership as well. They will also be given the opportunities to question and hold their local student officers to account as well the regional officers, they will also be given the opportunity to question MSPs.



## Student Finances

- We have been campaigning for Council Tax Exemptions during the summer for our progression students (eg: progression from HND to Degree). Access to water fountains and microwaves (installation, cleaning, management, policing, health & safety, etc.) are still high on the agenda. We are working with sodexo for more student friendly meal deals, & budgeting workshops (through GYST) to create a "sticky campus" and keep our members on campus with for longer - for a better education experience

### Internationalisation

- The association will be launching an internationalisation strategy for HISA Perth to ensure that we have a more culturally diverse (+ freefrom & hot) food offerings on campus. This is to further cement our work with the collage, eg: with the languages and ESOL (+ AST) dept to create a buddy system and language cafes to aid our International members integrate into our community and give them an edge in employment - as we move into a more globalised world

### Tea and a chat

- We are looking at creating a socialising space in the College which will allow students to interact with each other and help to tackle mental health.
- The first session will be taking place on the 5th February - these have been successful with students participating and keep coming back every week, after elections we will boost this society more.

### Refreshers

- We will be providing a 'refreshers' day for students in the Union, similar to our HISA House Party. We will be providing a relaxing day for students and allow them to interact with each other and ourselves so that we can gather feedback on Semester 1 and look at what they would like to see for Semester 2.



## Mental Health

- We are contacting various organisations throughout the city of Perth to offer students opportunities for extra support and also volunteer or work experience.
- We are also looking at hosting events in relation to Mental Health Awareness days, working alongside the college and the organisations we are contacting.

## Clubs and Societies

- On 22nd January the Perth College Blizzards played a friendly against Fife College in basketball arranged between HISA Perth and Fife College Students Association.



- An Argentine Tango club is being started up by a student, commencing in February.
- We have 3 teams (men's basketball, women's football, men's football) entered in the Scottish Student Sport College National Finals, matches start in February.

## HISA Elections

- We have been going through our election process to find next years officers, this will be completed by the time this paper is handed out.
- We will commence a handover period so that the new officers are fully inducted into the role and have the opportunity to attend committees and BOM before they officially come into post.

## OBI Awards

- In process of planning our OBI Awards - staff/student awards.
- 13th May 2020

# HISA Perth

## DRAFT Plan of Work 2019-20

### Introduction

1. This paper is an update on the development of the 2019-20 HISA Perth Plan of Work. HISA Perth annually produces a plan of work to set out its objectives for the academic year. This will include engagement work, campaigning and planned events.
2. The plan of work is formed from the officers personal objectives developed since their election in March 2019, existing feedback from our members through surveys and the SRC (Student Representative Council) and work from the previous academic year.
3. The Plan of Work is currently in draft form and is presented as an update of its formation. The plan of work shall be produced for presentation to elected course representatives and the HISA executive committee. The plan of work will also be presented to the Perth College UHI Board of Management to aid in it's legal compliance (Education Act 1994).

### Structure

4. There are three parts to the HISA Perth plan of work:
  - a. **Priority** Plan of Work
    - i. This is the agreed priority area of work of the executive committee.
  - b. **Executive** Plan of Work
    - i. Each executive officer leads on particular, personal areas according to their officer portfolio and **manifesto** pledges. These are developed during the officer induction and training and worked on during the year.
  - c. **Continual** Plan of Work
    - i. HISA Perth works on areas of engagement regardless of the political priorities of the executive officers. This includes course reps, elections and the OBI Awards.

**Note:** The attached plan of work outlines planned areas of work of HISA Perth and is presented as the most up-to-date draft.

# 1 Priority Plan of Work

## Executive Team

### Engaging our members through a programme of events

HISA Perth will increase how many and how often members engage with HISA through a programme of events. The student experience outside of the classroom at Perth College UHI must be improved. Furthermore, student activities are an important way of promoting awareness of HISA's work to its constituency.

The priorities for the HISA Perth executive are focused on increasing engagement of our members through events. It is noted that there was a significant drop-off rate in course representatives attending Student Representative Council (SRC), the OBI nominations marginally increased and, while election voting numbers also marginally increased, many of our members reported that they were unsure of the work of HISA Perth.

Activities and events are prioritised by the executive as there is significant potential for developing non-curricular aspects of the student experience. Work on the community aspect of Healthy Happy You in previous academic years highlighted that the students' association can contribute to development of key student skills (such as project management, finance management) and also social isolation through student-led events. A developed event programme is also used as a means to capture student interest in HISA and its role in engaging students and using student feedback to influence the learning experience of the college.



## Indicators

Output	Date	Indicator	Target	Current	Implementation
Freshers	Aug 19	Promo material student students	1	1	Completed
	Aug 19	Briefing for college staff	1	1	Completed
	Sept 19	HISA engagement day	1	1	Completed
	Sept 19	Freshers fayre	1	1	Takes place - completed
Green week	Oct 19	Event takes place	1	1	Completed
GYST	Sept 19	Programme of events agreed with HISA and key college staff	1	1	Completed
	Nov 19	Event takes place	1	1	Completed
Halloween event	Nov 19	Event takes place	1	1	Completed
Christmas event	Dec 19	Event takes place	1	1	Completed
Mental Health Awareness week	May 20	Event takes place	1		
Diwali	Oct 19	Event takes place	1	0	Cancelled due to changes in staffing capacity
Chinese New Year	Jan 20	Event takes place	1	1	Promotional and educational materials for students to celebrate and learn about Chinese New Year
Burns Day	Jan 20	Event takes place	1	0	cancelled because students not on campus
LGBTQ Month	Feb 20	Event takes place	1	1	Completed

## Strategic Alignment

<b>HISA Strategic Plan 2019-2022</b>	<p>3.4 Equality, diversity and inclusiveness are embedded in all HISA activity</p> <p>5.1 Every student at UHI has the opportunity to take part in extracurricular opportunities</p> <p>5.2 To enhance the student social experience across the UHI Partnership</p> <p>6.1 For all UHI students to feel part of a wider community and for HISA to enhance the spirit and ethos of community</p> <p>7.1 All members know who HISA are, the opportunities, and services it offers and how HISA can help them</p> <p>7.2 Members know their role in HISA and feel like they have a stake in their community</p>
<b>Perth College UHI Strategic Plan 2016-2021</b>	<p>1.4 Increase opportunities for students to shape their own learning, the life and work of the University and College and to share in a diverse range of cultural activities.</p>
<b>sparqs (student partnerships in quality Scotland) Student Engagement Framework for Scotland</b>	<p>Elements of Student Engagement</p> <ol style="list-style-type: none"> <li>1. Students feeling part of a supportive institution</li> </ol> <p>Features of Effective Student Engagement</p> <ol style="list-style-type: none"> <li>1. A culture of engagement</li> </ol>

# 2 Executive Plan of Work

## Vice President Education and Engagement

### Education and Engagement

HISA Perth Education and Engagement Plan of work aims to improve the delivery of education. Part of their work is to produce research and influence policy discussion at a Strategic Committee and Board of Management level to improve all aspects of education. We also work to improve education at a Regional and National level through partnerships, campaigns, and lobbying through HISA, NUS Scotland, and engaging MP's and MSP's. Our aim is to improve the quality of education through representation and engagement.

### Indicators

Output	Date	Indicator	Target	Current	Implementation
Class reps training	Jun 20	% of trained reps	63%	62%	Collaboration with sparqs and Perth College UHI
SRC's	Jun 20	Number of councils	4	2	SRC review carried out, and format changed following consultation with Education Scotland. Because SRC's take place over 2 days it is less viable to do them as often as previous years.
		Average Attendance	50	60	
Internationalisation	Jun 20	Strategy	1		
		Setup buddy system	1		

Campaigns	Jun 20	Council tax exemptions for students transitioning between course levels	1		Negotiating with relevant city officials
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## Strategic Alignment

<b>HISA Strategic Plan 2019-2022</b>	<p>2.1 HISA, working in partnership with the academic partners and UHI, will run an effective, accessible and democratic representatives system region wide that takes into account all learning modes and demographics</p> <p>2.3 HISA will provide top level training, support and development for its representatives and officers at local and regional level to ensure a world class student academic experience</p> <p>2.4 HISA's officer structure will be innovative, effective and reflect the needs of its students, UHI and the Partners</p> <p>3.3 Throughout UHI, officers, volunteers and representatives will work in partnership with academics and the wider staff community to solve problems and provide an evidence base to drive policy change</p> <p>4.3 To develop employability prospects for all students</p> <p>5.1 Every student at UHI has the opportunity to take part in extracurricular opportunities</p> <p>7.2 Members know their role in HISA and feel like they have a stake in their community</p> <p>7.3 Members are aware of the causes and consequences of student issues and problems</p> <p>7.5 Local, regional and national media see HISA as a vital contributor on education and political issues</p> <p>8.3 HISA will create employment opportunities for students who will gain valuable experience and skills</p> <p>10.1 HISA will operate with outstanding student led governance</p>
<b>Perth College UHI Strategic Plan 2016-2021</b>	<p>1.1 Give each student the best possible learning experience.</p> <p>1.3 Support and inspire our students to complete their chosen course and attain their qualification.</p> <p>1.5 Empower and support students to develop personal resilience, career management and entrepreneurial skills through building self-awareness.</p>

	<p>1.6 Continue to develop the appropriate interventions needed to support those furthest from the employment market to access education and raise aspirations.</p> <p>1.7 Enhance student engagement by strengthening the student voice and supporting the further development of a thriving, effective and sustainable Students' Association.</p> <p>3.1 Provide a high quality, relevant curriculum which promotes skills for life, learning and work for a proficient and adaptable workforce in regional general and niche specialisms.</p> <p>3.4 Ensure that students gain career management and employability skills that are sought after by employers and have the skills to be successful in their career choices.</p> <p>4.7 Mainstream the values and practices of equality, diversity and inclusiveness.</p>
<b>sparqs Student Engagement Framework for Scotland</b>	<p>Elements of Student Engagement</p> <ol style="list-style-type: none"> <li>2. Students engaging in their own learning</li> <li>3. Students working with their institution in shaping the direction of learning</li> <li>4. Formal mechanisms for quality and governance</li> <li>5. Influencing the student experience at national level</li> </ol> <p>Features of Effective Student Engagement</p> <ol style="list-style-type: none"> <li>1. A culture of engagement</li> <li>2. Students as partners</li> <li>3. Responding to diversity</li> <li>4. Valuing the student contribution</li> <li>5. Focus on enhancement and change</li> <li>6. Appropriate resources and support</li> </ol>

# 3 Executive Plan of Work

## Vice President Activities and Welfare

### Activities and Welfare

HISA aims to ensure that there are opportunities for our members to attend events, join a society, have access to services that ensures their welfare, and campaign for sustainability. We do this through partnerships across the student movement, departments within Perth College UHI, and local NGO's and Organisations within the City of Perth and beyond. We also work to ensure there are developmental opportunities for our members to enhance their transferable skills to increase their chances of getting a job in their career of choice.

### Indicators

Output	Date	Indicator	Target	Current	Implementation
Sports Clubs and Student Societies	Jun 20	Number of affiliated societies	15	13	Promotional material to educate our members on the benefits and process of starting their own society
GYST – student essential information and advice month	Nov 19	Number of org. & events Average attendance	15 25	20 3	Completed. Lessons learnt for future events
Environmental impact	Jun 20	Ban single use and plastic cups on campus	1		Negotiate with the colleges' catering provider and provide alternative solutions

Members able to heat “pack lunches” on campus	Jun 20	Microwaves on campus	1	2	Work with the college to provide a solution. Supporting our elected representatives in their efforts. - done
‘Tea & chat’ wellbeing groups	Jan - Jun 20	Number of groups Average attendance	5 10	6 4	Current promotion and organisation of event

## Strategic Alignment

<b>HISA Strategic Plan 2019-2022</b>	<p>3.1 HISA becomes the place that students and academics alike recognise as providing independent appropriate and quality support advice on academic and welfare issues</p> <p>3.2 HISA will be a vehicle for social change at a local, regional and national level</p> <p>4.3 To develop employability prospects for all students</p> <p>5.1 Every student at UHI has the opportunity to take part in extracurricular opportunities</p> <p>5.2 To enhance the student social experience across the UHI Partnership</p> <p>5.3 To develop clubs, societies and activities that are suitable for UHI students’ unique circumstances</p> <p>5.4 To ensure any student wishing to set up a club or society can do so locally or regionally</p> <p>8.3 HISA will create employment opportunities for students who will gain valuable experience and skills</p>
<b>Perth College UHI Strategic Plan 2016-2021</b>	<p>1.1 Give each student the best possible learning experience.</p> <p>1.3 Support and inspire our students to complete their chosen course and attain their qualification.</p> <p>1.4 Increase opportunities for students to shape their own learning, the life and work of the University and College and to share in a diverse range of cultural activities.</p> <p>1.5 Empower and support students to develop personal resilience, career management and entrepreneurial skills through building self-awareness.</p>

	<p>1.6 Continue to develop the appropriate interventions needed to support those furthest from the employment market to access education and raise aspirations.</p> <p>1.7 Enhance student engagement by strengthening the student voice and supporting the further development of a thriving, effective and sustainable Students' Association.</p> <p>3.1 Provide a high quality, relevant curriculum which promotes skills for life, learning and work for a proficient and adaptable workforce in regional general and niche specialisms.</p> <p>3.2 Ensure our provision addresses stubborn inequalities in our communities.</p> <p>3.4 Ensure that students gain career management and employability skills that are sought after by employers and have the skills to be successful in their career choices.</p> <p>4.1 Work effectively and efficiently to ensure the College and University thrives and prospers in environmentally, socially and financially sustainable ways.</p> <p>4.2 Increase our effectiveness and efficiency through shared processes and services across the College, University and region.</p> <p>4.3 Develop and increase commercial awareness and activity across the college to enable future investments in our facilities that improve the student experience.</p> <p>4.7 Mainstream the values and practices of equality, diversity and inclusiveness.</p>
<b>sparqs Student Engagement Framework for Scotland</b>	<p>Elements of Student Engagement</p> <ol style="list-style-type: none"> <li>1. Students feeling part of a supportive institution</li> <li>2. Students engaging in their own learning</li> </ol> <p>Features of Effective Student Engagement</p> <ol style="list-style-type: none"> <li>5. Focus on enhancement and change</li> </ol>



# 4 Executive Plan of Work

## President

Ensuring that all of our members are aware of, and have timely access to mental health support and services when they require it.

### Indicators

Output	Date	Indicator	Target	Current	Implementation
Mental Health agreement	Jun 20	Agreement signed	1	1	Passed on to and being lobbied at a regional level
Mental Health First Aid	Jun 20	Number of First Aiders on campus	18	14	Training carried out, and in the process of securing more training sessions for PATs and Reps
Counselling support	Jun 20	Number of counsellors	4.5 FTE		Working with college and external organisations to find the best solution for our members
Mental Health Awareness Events	Jun 20	Number of events Average attendance	4 25	3 20	Thereapets - done, Tea & Chat - pending, Partnership event with external organisations - , Partnership event with college - done.

### Strategic Alignment

<b>HISA Strategic Plan 2019-2022</b>	<b>3.2 HISA will be a vehicle for social change at a local, regional and nation level</b>
	<b>4.3 To develop employability prospects for all students</b>

	<p><b>6.2 For every UHI students to be able access to the mental health support services when they need to</b></p> <p><b>6.3 Support the UHI Partnership in creating a whole community that is committed to supporting students and communicating well about mental health</b></p>
<b>Perth College UHI Strategic Plan 2016-2021</b>	<p>1.1 Give each student the best possible learning experience.</p> <p>1.3 Support and inspire our students to complete their chosen course and attain their qualification.</p> <p>1.5 Empower and support students to develop personal resilience, career management and entrepreneurial skills through building self-awareness.</p> <p>1.7 Enhance student engagement by strengthening the student voice and supporting the further development of a thriving, effective and sustainable Students' Association.</p> <p>3.1 Provide a high quality, relevant curriculum which promotes skills for life, learning and work for a proficient and adaptable workforce in regional general and niche specialisms.</p> <p>3.2 Ensure our provision addresses stubborn inequalities in our communities.</p> <p>3.4 Ensure that students gain career management and employability skills that are sought after by employers and have the skills to be successful in their career choices.</p> <p>4.2 Increase our effectiveness and efficiency through shared processes and services across the College, University and region.</p> <p>5.1 Continue to develop skilful, motivated and adaptable diverse staff.</p> <p>5.5 Support all staff to develop appropriate skills and qualifications through opportunities for training, scholarship and research.</p>
<b>sparqs Student Engagement Framework for Scotland</b>	<p>Elements of Student Engagement</p> <ol style="list-style-type: none"> <li>1. Students feeling part of a supportive institution</li> <li>2. Students engaging in their own learning</li> </ol> <p>Features of Effective Student Engagement</p> <ol style="list-style-type: none"> <li>5. Focus on enhancement and change</li> <li>6. Appropriate resources and support</li> </ol>

# 5 Continual Plan of Work

## HISA Perth

The continual plan of work details activities that HISA Perth undertakes every year alongside the executive officers' priorities.

### Indicators

Output	Dates	Indicator	Target	Current	Implementation
Plan of Work to be ratified by students	Oct 19	Passed at SRC	66%	99%	passed by unanimous decision. Plan of Work proposed in February due to unforeseen circumstances and a change within HISA Perth team.
OBI Nominations	May 20	Improve on 2019 nomination levels	500		
Elections Candidates	Mar 20	All officer positions are contested	15	13	3 candidates dropped out due to personal circumstances. all positions are still contested
Elections Turnout	Mar 20	Improve turnout on 2019 elections	15%	4%	
SPA 2019-20	Oct 19	Student Partnership Agreement for 2019-20 signed	1	1	Completed
SPA 2020-21 consultation	Apr 20	Consultation takes place with students and elected officers for themes in SPA	1		

SPA 2020-21	Jun 20	Agreement with Perth College on 2020-21 SPA themes and action plan	1		
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## Strategic Alignment

<b>Perth College UHI Strategic Plan 2016-2021</b>	<p>1.4 Increase opportunities for students to shape their own learning, the life and work of the University and College and to share in a diverse range of cultural activities.</p> <p>1.7 Enhance student engagement by strengthening the student voice and supporting the further development of a thriving, effective and sustainable Students' Association.</p> <p>5.3 Continue to foster a culture of personal leadership and empowerment, enterprise, innovation and ownership among all staff and students.</p> <p>5.4 Ensure that all staff are valued and informed.</p>
<b>sparqs Student Engagement Framework for Scotland</b>	<p>Elements of Student Engagement</p> <ol style="list-style-type: none"> <li>1. Students feeling part of a supportive institution</li> <li>4. Formal mechanisms for quality and governance</li> </ol> <p>Features of Effective Student Engagement</p> <ol style="list-style-type: none"> <li>2. Students as partners</li> <li>3. Responding to diversity</li> <li>4. Valuing the student contribution</li> </ol>

## References

1. Education Act 1994, Section 22 Available at: <http://www.legislation.gov.uk/ukpga/1994/30/section/22> (Accessed: 24 January 2020).
2. HISA Strategic Plan 2019-2022, Available at: <https://cutt.ly/DrQ7H1q> (Accessed: 24 January 2020).
3. Perth College UHI Strategic Plan 2016-2021, Available at:  
<https://www.perth.uhi.ac.uk/t4-media/one-web/perth/about-us/strategic-plan/perth-college-uhi-strategic-plan.pdf> (Accessed: 24th January 2020).
4. sparqs Student Engagement Framework for Scotland, Available at: <https://www.sparqs.ac.uk/upfiles/SEFScotland.pdf> (Accessed: 24th January 2020).

## Perth College UHI

### Paper No.11 - **CLOSED**

<b>Committee</b>	Board of Management
<b>Subject</b>	Update on Restructuring Proposals
<b>Date of Committee meeting</b>	18/03/2020
<b>Author</b>	Dr Margaret Cook
<b>Date paper prepared</b>	11/03/2020
<b>Executive summary of the paper</b>	This paper seeks to update the Board on the consultation process. It also recommends a way forward for discussion
<b>Consultation</b> How has consultation with partners been carried out?	N/A
<b>Action requested</b>	<input type="checkbox"/> For information only <input type="checkbox"/> For discussion <input type="checkbox"/> For recommendation <input checked="" type="checkbox"/> For approval
<b>Resource implications</b> (If yes, please provide details)	Yes
<b>Risk implications</b> (If yes, please provide details)	Yes There is a risk to staff morale and reputation if this process is not managed appropriately
<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> </ul>	This links to the need to continue to be a sustainable organisation

## Perth College UHI

<ul style="list-style-type: none"> <li>• risk management</li> <li>• other activity [e.g. new opportunity] – please provide further information</li> </ul>	
<u><b>Equality and diversity</b></u> Yes/ No If yes, please give details:	No
<u><b>Data Protection</b></u> Does this activity/ proposal require a Data Protection Impact Assessment?	No  Click or tap here to enter text.
<b>Status</b> (e.g. confidential/non confidential)	Confidential
<b>Freedom of information</b> Can this paper be included in “open” business?	No

\* 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 checked="" 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.

Further guidance on application of the exclusions from Freedom of Information legislation is available via:

<http://www.itspublicknowledge.info/ScottishPublicAuthorities/ScottishPublicAuthorities.asp>  
and

[http://www.itspublicknowledge.info/web/FILES/Public\\_Interest\\_Test.pdf](http://www.itspublicknowledge.info/web/FILES/Public_Interest_Test.pdf)

## **Perth College UHI**

### **Update on Restructuring Proposals – Board 18 March 2020**

#### **Introduction**

This is an updated paper building on the paper circulated by the Chair of the Board on 4 March 2020. The Board decided as part of that process that a discussion at this meeting would be appropriate and this paper is presented to facilitate that discussion.

The Board of Management in agreeing its 2019/20 budget recognised a requirement for saving of £600k to ensure a balanced outcome at the year end, and SMT were charged with delivering the required savings in year.

SMT produced a Consultation Document and started a consultation exercise with the TU's and also a representative from the staff on management contracts. Views on the document were sought from this group through the formal process and from individual members of staff or groups of staff. There was significant staff engagement in the process however it has not proved possible to reach a consensus on the way forward within the formal process.

In December 2019 the Board of Management considered a paper from the Principal updating the Board on progress, formally asking for permission to seek agreement for a Voluntary Severance Scheme from UHI and SFC and advising that any in-year savings from this process would not meet the £600k requirement and would be more likely to be in the region of £150k. The Board acknowledged the update and gave permission for the formal application for a VS Scheme to go ahead. A full application was made to UHI/SFC for the VS Scheme, UHI have approved it but SFC will not give approval for the scheme until they have received/processed the UHI Investigation Report, this report has been forwarded to the SFC by UHI and it is on the agenda for this meeting today but there has been no feedback from SFC in relation to it. Therefore, permission for VS is still outstanding. Given where we are in the academic year it is difficult to see how much impact the VS will have in this year and how much could be saved in staffing costs in-year.

#### **Current Position**

F&GP Committee were advised at their recent meeting that -

'the College is now forecasting a deficit in accounting terms of £978k which is £4k better than budget. The forecast underlying Adjusted Operating Position is



a deficit of £174k for the group and £387k for the College when Depreciation, adjusted for Capital Grants, are added back in'

This projection has been achieved by continuing to make savings where possible from all budget codes/headings including not filling vacant roles where possible. The projection is clearly that and is not guaranteed that this will be the final position at the year end.

The current proposals encompass four elements –

- Restructuring of areas within the College
- Voluntary Severance targeted at the areas where restructuring/reduction in staff numbers is required
- Reduction in fixed term contracts/permanent contracts in academic areas where the staffing model shows overstaffing
- Compulsory redundancy if it is not possible to make the appropriate level of savings from other means

The contentious area in discussion with the TU's is the potential use of compulsory redundancy where necessary. We require permission for compulsory redundancy from SFC and we cannot apply for permission for this in advance in the way that we apply for VS permission, it is very difficult to get permission for compulsory redundancy although we have received it in previous restructurings eg SMT restructuring, closure of Learning Centres.

The TU's have also made it clear that there are areas within the proposals which if they go forward then they will trigger a dispute with the College and will move to ballots for industrial action. This would be an issue given the time in the year with exams/marking etc.

We also have the added complication of Coronavirus and the potential that Colleges along with other public services will close for a period of time. If full closure does not happen we will see an impact on our ability to deliver our full services due to individuals self-isolating or unable to attend work for other reasons eg care requirements both in our staff and student population.

## **Deferred Income**

The Board will recall extensive discussion of the deferred income issue, this forms part of the EY External Audit Report. EY identified that £1.2m of income which had been held on the balance sheet could be released in 2018/19. This resulted in an Adjusted Operating Position for 2018/19 of £1.274m. Following

non-cash accounting adjustments, this resulted in an operating surplus on a Government Accounting basis of £612k. The College had in principal agreement from SFC to utilise this surplus to support restructure costs in 2019/20. Discussions are underway with SFC to enable this to be carried forward to 2020/21 to ensure that these funds remain available to utilise for Voluntary Severance.

## **Proposal**

Given the current financial projections and difficulty in reaching consensus with the TU's and the potential need to seek permission for compulsory redundancy it is recommended that we go forward with the following –

- Restructuring of areas within the College where it is possible to do so as a result either of natural changes or Voluntary Severance
- Voluntary Severance open to all staff (once approval is granted)
- Reduction in fixed term staff in academic areas where 20/21 staffing model shows overstaffing

This would effectively mean that the discussions with the TU's will concentrate on the above and not move to areas which are contentious ie compulsory redundancy. This would mean that the formal consultation exercise would cease until there is specific business for it to consider eg VS permission. This would have a positive impact on staff morale.

This proposal would allow the College to make some of the necessary changes and once this exercise is complete consider the way forward. Once we have completed the VS programme we would then re-visit the need for restructuring in other areas and then revise the target for savings given the year end position.

## **The Future**

Given the one-year financial planning horizon which Colleges operate it is not possible to be definitive about any future requirements for savings. The current Scottish budget does propose an increase in overall College funding however this is not additional funding for discretionary spend within the College but is earmarked for specific spend eg additional employers pension costs, student support funds etc.

In line with all Colleges in Scotland we may require to revisit the staffing costs in the future and we will consider the way forward once our budget is completed for 2020/21.

<b>Committee</b>	Board of Management
<b>Subject</b>	Strategic Risk Register – updated to March 2020
<b>Date of Committee meeting</b>	18/03/2020
<b>Author</b>	Ian McCartney, Clerk to the Board of Management
<b>Date paper prepared</b>	12/03/2020
<b>Executive summary of the paper</b>	<p>Perth College UHI's Strategic Risk Register is a live document that is continually managed, reviewed and updated on a regular basis, and appropriate action taken, as required. The Risk Register has been reviewed by allocated sub-Committees during the current Board cycle and updated accordingly.</p> <p>All new updates within the document have been highlighted in red.</p> <p>There have been minor amendments/additions to Risk References 2, 3, 5, 6, 7, 9, 11, 17, 21, 22, 26, 27 &amp; 28.</p> <p>The following Risk References have had their Criteria Score amended, with reasons noted:</p> <p><b>Risk 12:</b> Risk Profile updated to take account of current Coronavirus outbreak (Gross Risk increased from 8 to 25; Residual Risk increased from 6 to 20). This Risk will be regularly reviewed during the outbreak.</p> <p><b>Risk 14:</b> Residual Risk score increased from 10 to 15 increased from 4 to 15 in line with Annual Audit Report findings re Financial Management</p> <p><b>Risk 22:</b> Residual Risk score increased in line with Annual Audit Report findings re Governance</p> <p>In addition, 1 new Risk has been added to the Agenda:</p> <p><b>Risk 29 – Asset Management:</b> on the advice of External Auditor this area provides risk related to current Asset Register being out of date and continuously updated over time without protocols being reviewed or followed.</p> <p><b><u>Next Steps</u></b></p> <ul style="list-style-type: none"> <li>• Risk Register requires operational items to be stored elsewhere to allow Register to focus on strategic issues;</li> </ul>

## Perth College UHI

	<ul style="list-style-type: none"> <li>Action Plan section needs reviewed with particular reference to overdue completion dates, and more clearly link with Audit Action Plan;</li> <li>Linked risks to be rationalised.</li> </ul> <p>The above steps will be completed for scrutiny by the June 2020 Board meeting.</p>
<b>Consultation</b> How has consultation with partners been carried out?	Board Members and SMT have been consulted via discussions at sub-Committees
<b>Action requested</b>	<input checked="" type="checkbox"/> For information only <input checked="" type="checkbox"/> For discussion <input type="checkbox"/> For recommendation <input type="checkbox"/> For approval
<b>Resource implications</b> (If yes, please provide details)	No
<b>Risk implications</b> (If yes, please provide details)	Without continual review of the risk register there are potential implications that strategic objectives are not met.
<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>	The Strategic risk register is the core risk management tool used within Perth College UHI.
<u><b>Equality and diversity</b></u> Yes/ No	No

## Perth College UHI

If yes, please give details:	
<b><u>Data Protection</u></b> Does this activity/ proposal require a Data Protection Impact Assessment?	No
<b>Status</b> (e.g. confidential/non confidential)	Non-Confidential
<b>Freedom of information</b> Can this paper be included in "open" business?	Open Business

\* 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.

Further guidance on application of the exclusions from Freedom of Information legislation is available via:

<http://www.itspublicknowledge.info/ScottishPublicAuthorities/ScottishPublicAuthorities.asp>

and

[http://www.itspublicknowledge.info/web/FILES/Public\\_Interest\\_Test.pdf](http://www.itspublicknowledge.info/web/FILES/Public_Interest_Test.pdf)

## UHI STRATEGIC RISK REGISTER TEMPLATE

PARTNER: Perth College UHI

DATE: March 2020

All items in red are where updates were made during the last edition of the risk register

Ref	Risk Status	Strategic Category	Risk Description & Primary Sub-Committee	Causes	Impacts/ Evidence	Owner	Likelihood	Impact	Gross Risk	Actions to minimise risk IN PLACE	Residual Risk	Trend	ACTION PLAN		
													Actions to minimise risk TO DO	Action Owner	Completion Date
1 *	Active	Working in partnership to meet the needs of our local economy and beyond.  Providing a progressive curriculum which meets economic and social needs and aspirations.	Operations limited due to outcome of central or remote decision making reducing local impact and focus.  Lack of understanding or clarity of the academic partnership within our external operating environment.  <b>Engagement</b>	<ul style="list-style-type: none"> <li>• Collective reporting</li> <li>• Dilution of local need within decision making</li> <li>• Changes to Partnership structures/ organisation.</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced student numbers.</li> <li>• Declining performance.</li> <li>• Loss of commercial potential.</li> </ul>	Principal	4	4	16	<ul style="list-style-type: none"> <li>• College Board of Management and Chair kept informed of arising issues.</li> <li>• UHI Vice Principal Further Education and Chair of Further Education Regional Board made aware of issues.</li> <li>• SMT proactive in decision making forums.</li> <li>• Perth &amp; Kinross CPP single outcome agreement embedded in ROA.</li> <li>• Create positive working relationships with Colleges Scotland and Scottish Government.</li> </ul>	16  (4,4)	↔	<ul style="list-style-type: none"> <li>• Continue to highlight as appropriate.</li> <li>• Continue to work on and implement recommendations of current Programme Board</li> <li>• Work proactively within partnership and beyond.</li> <li>• Be proactive in discussions re. future integration</li> </ul>	Principal  Principal  Principal  Chair	Ongoing  Ongoing  Ongoing  Ongoing
2 *	Active	Working in partnership to meet the needs of our local economy and beyond.	Non-achievement of numbers.  Low allocation of funded Student Numbers from the region.  Adverse impact of Regional funding and allocation  <b>Academic Affairs</b>	<ul style="list-style-type: none"> <li>• Lack of marketing focus</li> <li>• Intra regional competition</li> <li>• Curriculum offered does not meet demand</li> <li>• Slow conversion of application to acceptance</li> <li>• Impact of school profile and jobs market</li> <li>• Likely impacts of Brexit</li> </ul>	<ul style="list-style-type: none"> <li>• Financial.</li> <li>• Reputation.</li> <li>• National appetite for increased funded numbers.</li> <li>• Reduction in EU students.</li> </ul>	Depute Principal Academic/ Vice Principal External/ Associate Principal	4	3	12	<ul style="list-style-type: none"> <li>• Review curriculum to ensure it is up to date and fit for purpose and relevant for the identified market.</li> <li>• Maintaining engagement with applicants.</li> <li>• Well informed with strong/robust evidence/business case for local demand.</li> <li>• Strong representation on PPF for FE and HE and on the Regional FE Committee.</li> <li>• Clear understanding and management of criteria within the ROA.</li> <li>• Endorsement of Community Planning Partnership.</li> <li>• Liaise with adjoining regions, colleges and providers for out of region provision.</li> <li>• Strategic discussions with PKC Education Department on Schools/College volume.</li> <li>• Ensure student numbers align to strategic plans.</li> <li>• Identify courses with highest EU student cohorts.</li> <li>• Effective marketing plan in place.</li> <li>• Student Number Planning using more robust data</li> <li>• EREP Action Plan Implementation</li> </ul>	9  (3,3)	↔	<ul style="list-style-type: none"> <li>• Model and analyse impact of trends and updates.</li> <li>• Revised Marketing Strategy</li> <li>• Curriculum Review</li> <li>• Involvement with Tay Cities Deal</li> </ul>	Depute Principal Academic/ Vice Principal External   Depute Principal Academic  Vice Principal External	Ongoing Review again Mar 19  Ongoing  Starting 5/19 Completion 1/20  Ongoing

[illegible]



Ref	Risk Status	Strategic Category	Risk Description & Primary Sub-Committee	Causes	Impacts/ Evidence	Owner	Likeli-hood	Impact	Gross Risk	Actions to minimise risk IN PLACE	Residual Risk	Trend	ACTION PLAN		
													Actions to minimise risk TO DO	Action Owner	Completion Date
5 *	Active	Inspiring and supporting our students to achieve their potential.  Developing a successful and sustainable organisation.  UHI Common Risk	College estate not fit for purpose.  <b>F&amp;GP</b>	<ul style="list-style-type: none"> <li>Reduction of Capital Grant.</li> <li>Backlog of essential maintenance.</li> <li>Uncertainty of future Governance model.</li> <li>Lack of available funds.</li> <li>Age of current campus</li> <li><b>Risk aversion &amp; alternative priorities</b></li> </ul>	<ul style="list-style-type: none"> <li>Estate poorly maintained</li> <li>Inability to deliver a new improved estate fast enough.</li> <li>Availability of classrooms and academic equipment does not match demand.</li> </ul>	Depute Principal Academic	4	3	12	<ul style="list-style-type: none"> <li>Attracting external investment.</li> <li>Backlog maintenance risk register has now been developed.</li> <li>Weekly 'Walk the Campus' and engage staff – Visible Management.</li> <li>Approval of identified major building projects.</li> <li>Priority to increase classroom accommodation.</li> <li>Update estates planning to ensure optimum use of space freed up by completion of ASW</li> <li>Ensure additional funding allocated by SFC for backlog maintenance is spent appropriately.</li> <li><b>Tender process to commission outline plans for campus options re Estates Strategy under way</b></li> </ul>	9  (3,3)	↔	<ul style="list-style-type: none"> <li>Identify estates requirements.</li> <li>Develop future campus vision.</li> <li>Development of estates strategy</li> </ul>	Depute Principal Academic  Head of Estates	Ongoing July 2019  <b>September 2019 Delayed until new Head of Estates in situ</b>
6 *	Active	Inspiring and supporting our students to achieve their potential.	Technology not fit for purpose.  No replacement or upgrade of critical ICT and academic equipment.  <b>Heightened risk of cyber attack</b>  <b>F&amp;GP</b>	<ul style="list-style-type: none"> <li>Changes in ICT development and technology.</li> <li>Changing in Learning and Teaching practices.</li> <li>Increase in network delivery of teaching.</li> <li>Increased use of social networking.</li> <li>Inadequate VC facilities for larger classes.</li> <li>Additional requirements from curriculum development and growth.</li> <li>Technological innovation.</li> <li>Lack of Integrated Information Systems</li> </ul>	<ul style="list-style-type: none"> <li>Higher investment in resources required.</li> <li>Need to continually alter accommodation.</li> <li>Available resources limit delivery options.</li> <li>Poor student and staff feedback.</li> <li>Lack of knowledge of system design</li> <li>Duplication of data and processes</li> </ul>	Vice Principal External / Depute Principal Academic	4	3	12	<ul style="list-style-type: none"> <li>Developed robust Curriculum Development Plan.</li> <li>Link ICT changes in L&amp;T practice to Estates Planning.</li> <li>Review and implement working practices to optimise available space and working times through use of CELCAT Management Reports.</li> <li>Operational Planning process and resource commitments system in place.</li> <li>Prioritise investment required for resources for key curriculum areas.</li> <li>Ongoing evaluation of VC capacity and teaching space in line with curriculum delivery plan.</li> <li>ICT rolling programme of replacement</li> <li>Shared licence purchases with UHI</li> <li>UHI Wi-Fi Service upgrade: Continue existing Wi-Fi network service until the new service has been proved through a pilot</li> <li>Bright Space implementation</li> <li>Staff training sessions ongoing throughout February</li> <li>VC Application change to Webex teams.</li> <li>GDPR Training sessions: Awareness of issues around transferring data</li> <li>New Operational Planning Process</li> <li>Change tracker for Payroll Process</li> </ul>	9	↔	<ul style="list-style-type: none"> <li>Rigorous approach to timetabling and utilisation of rooms.</li> <li>ICT Budget and replacement.</li> <li>UHI ICT strategy discussions.</li> <li>New Learning &amp; Teaching Enhancement Plan – will be part of the Curriculum Review</li> <li>Roll out of new UHI wireless network hardware and process</li> <li>Lead with Pilot in Webster Building before end of Easter recess 2019.</li> <li>Install in parallel with existing equipment</li> <li>Carry out major works out of term time to reduce impact on student experience.</li> <li>Publicise new service by posters: 2019/20</li> <li>Info sessions at 2019/20</li> <li>Induction periods</li> </ul>	Depute Principal Academic  Vice Principal External  Depute Principal Academic  ICT Manager  Vice Principal External/ Depute	Ongoing  Ongoing July 19  Semester 2, 2019  Starting Pilot for Easter recess; project completion 31 July 19  Ongoing

[illegible]

[illegible]

Ref	Risk Status	Strategic Category	Risk Description & Primary Sub-Committee	Causes	Impacts/ Evidence	Owner	Likeli-hood	Impact	Gross Risk	Actions to minimise risk IN PLACE	Residual Risk	Trend	ACTION PLAN		
													Actions to minimise risk TO DO	Action Owner	Completion Date
10 *	Active	<p>Inspiring and supporting our students to achieve their potential.</p> <p>Providing a progressive curriculum which meets economic and social needs and aspirations.</p> <p>UHI Common Risk</p>	<p>Academic quality is sub standard</p> <p><b>Academic Affairs</b></p>	<ul style="list-style-type: none"> <li>• Insufficient tracking of student.</li> <li>• Poor understanding of student requirements.</li> <li>• Product not fit for purpose.</li> <li>• Poor delivery.</li> <li>• Insufficient support for students.</li> <li>• Mis-selling of courses/provision.</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of students.</li> <li>• Loss of earnings.</li> <li>• Adverse PR and poor reputation.</li> <li>• Poor future recruitment.</li> <li>• Poor achievement and retention.</li> </ul>	Depute Principal Academic/ Associate Principal	3	3	9	<ul style="list-style-type: none"> <li>• Student tracking programme and reviews by Student Advisers.</li> <li>• Heightened student focus on internal communication and training evidenced by the BRAG reporting system.</li> <li>• Managing student expectations.</li> <li>• Active listening to student voice and acting on evidenced by feedback to students.</li> <li>• Act on Student Survey outcomes evidenced by action planning with quality reviews.</li> <li>• Ensure regular/ constructive formative assessment feedback to students/ customers.</li> <li>• Implement Complaints Procedure in line with new legislation and refresh training.</li> <li>• ASW opportunities roll out.</li> <li>• Student Partnership Agreement</li> <li>• NSS Action Plans implemented for courses with poor results.</li> <li>• Appointment of Head of Student Experience.</li> <li>• Self-evaluation process redesigned.</li> <li>• Working with HISA to conduct student focus groups.</li> <li>• A Student Experience Committee has been convened</li> <li>• Ensure findings are reported on with regards to the complaints procedure and actions identified and followed up on</li> <li>• Quality review process redesigned (course KPIs by exception)</li> <li>• Identification of protected characteristics and KPIs</li> <li>• Student Support Review</li> <li>• Revamp website with regards to the services available to support learning</li> </ul>	<p>3</p> <p>(1,3)</p>	↔	<ul style="list-style-type: none"> <li>• Complaints Review</li> <li>• Student funding at Regional and National level.</li> </ul>	Depute Principal Academic (All)	Ongoing

Ref	Risk Status	Strategic Category	Risk Description & Primary Sub-Committee	Causes	Impacts/ Evidence	Owner	Likeli- hood	Impact	Gross Risk	Actions to minimise risk IN PLACE	Residual Risk	Trend	ACTION PLAN		
													Actions to minimise risk TO DO	Action Owner	Completion Date
11 *	Active	Providing a progressive curriculum which meets economic and social needs and aspirations.  UHI Common Risk	Regional curriculum plan and delivery not aligned to local demand.  <b>Academic Affairs</b>	<ul style="list-style-type: none"> <li>• Fragmented ownership.</li> <li>• Lack of planning.</li> <li>• Over ambitious change in delivery methodology.</li> <li>• Wrong blend between online and face to face.</li> <li>• ESIF changes</li> <li>• <b>Not fully within gift of PC UHI, need others/UHI to contribute</b></li> </ul>	<ul style="list-style-type: none"> <li>• Lose students.</li> <li>• Financial risk through reallocation.</li> <li>• Students choose another provider.</li> <li>• Poor retention and achievement.</li> <li>• Disputed ownership/ responsibility for failings.</li> </ul>	Associate Principal	3	3	9	<ul style="list-style-type: none"> <li>• Influence/engage with development.</li> <li>• Meetings arranged with UHI Deans <b>&amp; subject network leaders</b></li> <li>• Keep in touch/listen to student views.</li> <li>• Active engagement in SMCT, QAEC and PPF.</li> <li>• UHI to commission research on impact of changed delivery methodologies.</li> <li>• Work with UHI, SDS and local stakeholders to enhance demand analysis.</li> <li>• Regional Outcome Agreement development and implementation.</li> <li>• Depute now sits on SMCT.</li> <li>• Vice Principal now sits on EPSC.</li> <li>• Associate Principal now sits on PPF</li> <li>• <b>Curriculum Review under way</b></li> <li>• <b>In liaison with PKC re Learner Strategy</b></li> </ul>	6  (2,3)	↔	<ul style="list-style-type: none"> <li>• Proactively engage in implementation of UHI Strategic Plan.</li> <li>• Keep abreast of ESIF developments.</li> <li>• Tertiary working groups.</li> <li>• Curriculum Review</li> </ul>	SMT  Depute Principal Academic	Ongoing  July 19  July 19  Starting 5/19 Completion 1/20
12 *	Active	Developing a successful and sustainable organisation.	Threat to Business Continuity  <b>Audit</b>	<ul style="list-style-type: none"> <li>• Major incident.</li> <li>• Pandemic.</li> <li>• Major fire.</li> <li>• Terrorist Activity.</li> <li>• UHI ICT loss of service.</li> <li>• Radicalisation</li> </ul>	<ul style="list-style-type: none"> <li>• College closure.</li> <li>• Reduced/loss of service.</li> </ul>	Principal	5	5	25	<ul style="list-style-type: none"> <li>• Annual Reviews of Business Continuity Plan.</li> <li>• Fibre ring installed.</li> <li>• ICT Risk Register developed and dynamic review.</li> <li>• Live ICT shutdown test.</li> <li>• Desktop exercise with CMT successfully completed.</li> <li>• UHI wide live exercise concluded</li> <li>• All actively involved in Single Policy Work Environment.</li> <li>• Significant increase in input to the UHI L&amp;T Review documentation.</li> <li>• <b>Business Continuity Plan reviewed around Coronavirus</b></li> <li>• <b>Resilience team formed and meeting regularly</b></li> </ul>	20  (5,4)	↑	<ul style="list-style-type: none"> <li>• Update of Business Continuity Plan the framework for compliance with most recent BSI guidelines.</li> </ul>	Principal	Dec 2019



Ref	Risk Status	Strategic Category	Risk Description & Primary Sub-Committee	Causes	Impacts/ Evidence	Owner	Likeli- hood	Impact	Gross Risk	Actions to minimise risk IN PLACE	Residual Risk	Trend	ACTION PLAN		
													Actions to minimise risk TO DO	Action Owner	Completion Date
13 *	Active	Developing a successful and sustainable organisation.	Lose control of critical processes and systems through Shared Services  Shared Service Model controlled by UHI EO and UHI Finance & General Purposes and University Court.  <b>F&amp;GP</b>	<ul style="list-style-type: none"> <li>• Insufficient planning.</li> <li>• Inadequate backup.</li> <li>• Poor training and inadequate communications.</li> <li>• Loss of control of direct employees.</li> <li>• Reduced service level.</li> <li>• Additional cost.</li> <li>• Lag in service improvement.</li> <li>• Loss of control over capital investment.</li> </ul>	<ul style="list-style-type: none"> <li>• Disruption to business systems and student learning.</li> <li>• Increased costs.</li> </ul>	Principal	3	3	9	<ul style="list-style-type: none"> <li>• Involved in thorough planning. Members of the LIS Shared Service Board.</li> <li>• Member of the Shared Service Programme Board.</li> <li>• Maintain Perth College input into development of shared services.</li> <li>• Retain DH as nominated director of USSL.</li> </ul>	9	↔	<ul style="list-style-type: none"> <li>• Service Level Agreements – Staffing, Communication, Core Services (operational details to be fleshed out).</li> <li>• Proactive within commissioning board.</li> </ul>	SMT	Ongoing
14 *	Active	Developing a successful and sustainable organisation.	Failure to ensure sustainability  <b>Weaknesses in internal controls/effective management review</b>  <b>Financial monitoring reports provide insufficient detail to allow Board to track the delivery of key strategies</b>  <b>F&amp;GP</b>	<ul style="list-style-type: none"> <li>• Change in Government control/legislation.</li> <li>• Ongoing Implications of ONS</li> </ul>	<ul style="list-style-type: none"> <li>• Unable to plan longer term.</li> <li>• Unable to save to invest in larger projects.</li> <li>• Capital Expenditure programme halted since depreciation cash equivalent no longer available.</li> <li>• Potential deferral of income out with reporting periods</li> </ul>	Principal	3	5	15	<ul style="list-style-type: none"> <li>• Lobbied Colleges Scotland providing evidence of unintended consequences.</li> <li>• Staff professionally updated in public sector accounting.</li> <li>• Raised issues with SFC and Scottish Government.</li> <li>• Constantly review as clarification of rules continues to roll out.</li> </ul>	15  (3,5)	↑	<ul style="list-style-type: none"> <li>• Keep abreast of interpretation and updates.</li> <li>• Maintain awareness.</li> <li>• Involvement with sector, Colleges Scotland and SFC working groups.</li> </ul> <b>LINK TO AUDIT PLANS</b>	Vice Principal External  Clerk	Ongoing  June 2020
15 *	Active	Developing a successful and sustainable organisation.  UHI Common Risk	Financial failure/operating loss. Inability to achieve a balanced budget.  <b>F&amp;GP</b>	<ul style="list-style-type: none"> <li>• Lack of student numbers.</li> <li>• AST under performance.</li> <li>• Reduction in commercial income.</li> <li>• Relaunch in international recruitment.</li> <li>• Underfunding of student support.</li> <li>• Dilution of unit of resource by increase in fees only students, topslice etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Increased competition.</li> <li>• Reduced funding available to invest or cover operational costs.</li> <li>• Strategic imperatives not met.</li> <li>• Reduction in quality of delivery/student experience.</li> </ul>	Principal	3	5	15	<ul style="list-style-type: none"> <li>• Excellent internal control systems.</li> <li>• Ongoing dialogue re UKVI (Link to AST Risk Register)</li> <li>• Increased forecasting.</li> <li>• Flexing targets where appropriate.</li> <li>• Close working with sector and UHI partners</li> </ul>	6  (2,3)	↔	<ul style="list-style-type: none"> <li>• Review of International Recruitment Strategy.</li> <li>• Develop Business Plan for AST</li> <li>• Create Business Development Strategy</li> </ul>	Principal  Principal	Ongoing  July 2019

Ref	Risk Status	Strategic Category	Risk Description & Primary Sub-Committee	Causes	Impacts/ Evidence	Owner	Likeli-hood	Impact	Gross Risk	Actions to minimise risk IN PLACE	Residual Risk	Trend	ACTION PLAN		
													Actions to minimise risk TO DO	Action Owner	Completion Date
16 *	Active	Developing a successful and sustainable organisation.  Developing staff to successfully deliver our Vision.	National Pay Bargaining unaffordable  <b>F&amp;GP</b>	<ul style="list-style-type: none"> <li>National bargaining has local consequences.</li> <li>Agreed pay awards unaffordable for individual college.</li> </ul>	<ul style="list-style-type: none"> <li>Loss of autonomy.</li> <li>Risk of national strike.</li> <li>Lack of sector agreement of mandate for negotiations.</li> <li>Lack of additional funding for sector pay claims.</li> </ul>	Principal	4	4	16	<ul style="list-style-type: none"> <li>College membership of national forums via Chair and Principal.</li> <li>Attend Colleges Scotland HR &amp; OD Group and keeps abreast of national bargaining and workforce of the future developments and how these will affect the College.</li> </ul>	16  (4,4)	↔	<ul style="list-style-type: none"> <li>Continue to participate in national bargaining.</li> <li>Contribute to thinking on Workforce of the Future.</li> <li>Engage fully with Colleges Scotland</li> </ul>	Principal	Ongoing
17	Active	Developing a successful and sustainable organisation.	Non-compliance of Statutory Health and Safety Legislation and Equality Legislation  <b>Audit</b>	<ul style="list-style-type: none"> <li>Introduction of amendments to existing legislation or new unforeseen and unplanned legislation.</li> <li>Failure to comply with Equalities Duties and contingent statutory reporting</li> </ul>	<ul style="list-style-type: none"> <li>Introduces financial and staffing resources to administer.</li> <li>Legal Action.</li> <li>Risk of Business Continuity.</li> <li>Financial fines.</li> <li>Reputational damage.</li> </ul>	Depute Principal Academic	5	4	20	<ul style="list-style-type: none"> <li>Produced and implemented a detailed Health and Safety Operational Risk Management Register. Updated quarterly and reviewed by Audit Committee every 6 months.</li> <li>Produce Annual Report on Health and Safety.</li> <li>Internal audit actions/recommendations achieved.</li> <li>Equalities Outcomes and Mainstreaming Report.</li> <li>Regular review of HSE publications, website and notifications.</li> <li>Health and Safety Management System annual review</li> <li>Equality &amp; Diversity lead appointed July 2019, with specific initial focus on statutory reporting requirements</li> </ul>	16  (4,4)	↑	<ul style="list-style-type: none"> <li>Internal inspection and audit actions/recommen dations actioned</li> <li>Complete Equalities Mainstreaming action plan</li> <li>Plans in place to enforce completion of Compulsory H&amp;S training</li> </ul>	HoD, Estates Manager, HSWA  Equality Diversity & Inclusivity Adviser  Head of HR	Nov 2019  March 2020  Dec 2020
18	Active	Developing a successful and sustainable organisation.	Implication of outcome of EU Referendum  Leading to:  Loss of EU Funding.  Decrease in overseas (EU) students.  Loss of EU national staff.  <b>F&amp;GP</b>	<ul style="list-style-type: none"> <li>Lack of numbers.</li> <li>Students wishing to study within EU</li> <li>Economic and fiscal uncertainty over EU exit.</li> <li>Staff uncertainty</li> </ul>	<ul style="list-style-type: none"> <li>Reduced numbers of students/staff</li> <li>Loss of commercial potential.</li> <li>Loss of EU funding</li> </ul>	Principal	5	4	20	<ul style="list-style-type: none"> <li>Keep up to date with info flow.</li> <li>Lobby through Colleges Scotland and Universities Scotland to increase funding to compensate.</li> <li>Understanding the status of EU residents.</li> <li>Use next two years productively as planning.</li> <li>Look at opportunities, e.g. Increased fees.</li> <li>Scottish Government Extension of free tuition for EU students</li> </ul>	15  (5,3)	↔	<ul style="list-style-type: none"> <li>Scottish Government looking to protect Erasmus + programme</li> </ul>		Ongoing

Ref	Risk Status	Strategic Category	Risk Description & Primary Sub-Committee	Causes	Impacts/ Evidence	Owner	Likeli- hood	Impact	Gross Risk	Actions to minimise risk IN PLACE	Residual Risk	Trend	ACTION PLAN		
													Actions to minimise risk TO DO	Action Owner	Completion Date
19	Active	UHI Common Risk	College does not achieve allocated HE student number targets  <b>Academic Affairs</b>	Failure to recruit sufficient students due to various factors such as: over ambitious PPF target, poor marketing, curriculum gaps, poor NNS results etc.	Reduction of college income from UHI, regional student number target at risk resulting in possible claw back to SFC from UHI in year or reduction in future years grant.	Depute Principal Academic/ Associate Principal	5	3	15	<ul style="list-style-type: none"> <li>•Review curriculum to ensure robust and up to date.</li> <li>•Continue close partnership working within UHI.</li> <li>•Ongoing dialogue with PPF and academic partners.</li> <li>•Plan, monitor and review student numbers/applications.</li> </ul>	9  (3,3)	↔	<ul style="list-style-type: none"> <li>• Curriculum Review</li> </ul>	Depute Principal Academic	Ongoing
20	Active	UHI Common Risk	College does not achieve allocated FE Credit targets.  <b>Academic Affairs</b>	Failure to recruit sufficient students due to various factors such as: over ambitious target, curriculum gaps, ineffective marketing and engagement with local schools/ employers.	Reduction of college income from UHI, regional student number target at risk resulting in possible claw back to SFC from UHI in year or reduction in future years grant.	Depute Principal Academic/ Associate Principal	5	3	15	<ul style="list-style-type: none"> <li>•Review curriculum to ensure robust and up to date.</li> <li>•Develop external partnerships with schools. DYW and employers.</li> <li>•Plan, monitor and review student numbers/applications.</li> </ul>	9  (3,3)	↔			
21	Active	UHI Common Risk	Non-compliance with relevant statutory regulations.  <b>Audit</b>	<p>Lack of awareness of relevant laws and penalties.</p> <p>Management failures. E.g. new General Data Protection Regulation from 25th May 2018, Bribery Act, Health and Safety Regulations, <b>PREVENT legislation</b> etc.</p>	<p>GDPR will provide new rights for individuals and impose additional obligations on data controllers and processors. GDPR will also introduce an increased penalty framework for non-compliance/ data breaches and includes new requirements for authorities to ensure that they maintain evidence to demonstrate compliance with the Law.</p> <p>Potential requirement for disclosure of technical non-compliance discovered via reporting and internal/external audit (eg accounting procedures, data</p>	Depute Principal Academic	4	3	12	<ul style="list-style-type: none"> <li>•Robust governance policy.</li> <li>•Robust management policies, procedures and systems in place.</li> <li>•Dedicated Health &amp; Safety officer.</li> <li>•IT/Data Protection staff in place.</li> <li>•Mandatory staff training.</li> <li>•Close working relationship within UHI.</li> <li>•GDPR Implementation Plan</li> <li>• GDPR policies and procedures agreed.</li> </ul>	6  (2,3)	↔	<ul style="list-style-type: none"> <li>• Continuous update and reinforcement of GDPR policies and procedures.</li> </ul>	Principal	Ongoing



Ref	Risk Status	Strategic Category	Risk Description & Primary Sub-Committee	Causes	Impacts/ Evidence	Owner	Likeli- hood	Impact	Gross Risk	Actions to minimise risk IN PLACE	Residual Risk	Trend	ACTION PLAN		
													Actions to minimise risk TO DO	Action Owner	Completion Date
					protection, payroll, settlement agreements, pensions, procurement, etc)										
22	Active	UHI Common Risk	Governance Failure.  <b>Audit</b>	Governing body does not have an appropriate balance of skills and experience. Role of a governor/director is onerous and it is difficult to attract a broad range of high calibre individuals to serve for non-remunerated roles.  Board members not provided with enough support or information to fully discharge their responsibilities	Recent advertisements for new members have attracted few applications  Challenge to recruit new Board Members  High turnover of Board Members  Action Plans arising from recent Audits are not sufficiently monitored and reported  Failure to comply with Code of Good Governance	Chair, BoM	3	3	9	•Recruitment process robust, transparent and open. •Skills matrix approach in place. •Networking/proactively encouraging diversity of applicants • Robust Action Plan falling out of various Audit Reports produced	15  (5,3)	↑	LINK TO AUDIT PLANS	Clerk	June 2020
23	Active	UHI Common Risk	Poor Student Experience  <b>Engagement</b>	Poor college estate. Dispersed campus with limited facilities for social interaction. Technology failures. Limited teaching/library resources.	Poor performance in national student satisfaction surveys. Reputational damage. Impact on ability to recruit future cohorts. Risk to core income streams.	Depute Principal Academic	3	3	9	•Partnership approach with HISA •Continuous student engagement, feedback and dialogue. •Ongoing Estate Maintenance and minor Refurbishments	6  (2,3)	↔	• Goodlyburn Boilerhouse refurbishment  • CCTV installation around Perth Campus  • Various minor building works during summer recess 2019	Head of Estates	September 2019

Ref	Risk Status	Strategic Category	Risk Description & Primary Sub-Committee	Causes	Impacts/ Evidence	Owner	Likeli-hood	Impact	Gross Risk	Actions to minimise risk IN PLACE	Residual Risk	Trend	ACTION PLAN		
													Actions to minimise risk TO DO	Action Owner	Completion Date
24	Active	UHI Common Risk	Institutional, personal and sensitive data is corrupted, lost, stolen or misused or services are disrupted through malicious and illegal activities by external individuals or bodies.  <b>F&amp;GP</b>	Poor IT security measures. Equipment with security holes. Poor patching regime. Anti-virus is not up-to-date and comprehensive. Firewalls are configured incorrectly. Coordinated DDOS attack on university infrastructure. Increasing number of security alerts. DDOS attacks on UK academic institutions up to 527 in 2015 - Janet CSIRT. Increase in cyber-attacks such as ransomware reported in national media.	Information Commissioner fine of up to £500k. Adverse press coverage. Loss of confidence by regulators, stakeholders and HE sector. Ransomware encryption has been detected on UHI network.	Principal	4	4	16	<ul style="list-style-type: none"> <li>•Firewalls and filters updated regularly.</li> <li>•Anti virus software on all corporate devices.</li> <li>•UHI protocols applied and adhered to.</li> <li>•Passwords changed regularly.</li> </ul>	12  (3,4)	↔	<ul style="list-style-type: none"> <li>• Roll out of new UHI wireless network hardware and process</li> </ul>	ICT Manager	Starting Pilot for Easter recess; project completion 31 July 19
25	Active	Developing a successful and sustainable organisation	Financial failure of commercial subsidiary  <b>F&amp;GP</b>	Non-compliance with governance, financial and legal processes and procedures.	Contracts signed without required approvals.  Failure to consult with College SMT and AST Board	Vice Principal External	5	5	25	<ul style="list-style-type: none"> <li>• AST management structure reviewed.</li> <li>• Interim Manager in place.</li> <li>• Policies identified</li> <li>• Best practice adhered to</li> <li>• College Governance applied.</li> <li>• Advice given to AST Management Team</li> <li>• General Manager appointed</li> </ul>	12  (3,4)	↔	<ul style="list-style-type: none"> <li>• Continue to review AST policies</li> <li>• Regular meetings held</li> <li>• Procedural Manual review</li> </ul>	Vice Principal External	31 July 2019
26	Active	Developing a successful and sustainable organisation	Failure of payroll systems & <b>procedures</b> results in non-compliance with standards  <b>Audit</b>	Lack of integrated HR, Payroll and Finance systems	Recorded instances of erroneous NI payments  Incorrect reporting of pensions liabilities and tax payments arising from erroneous NI payments  <b>Staff dissatisfaction with issue and/or steps taken to rectify</b>	Vice Principal External	5	3	15	<ul style="list-style-type: none"> <li>• Internal Audit Action Plan commissioned and partially actioned</li> <li>• Affected staff informed of issue and steps being taken to rectify and recompense</li> <li>• Amended the payroll system user access rights to ensure that that these are appropriate for user roles and remove all generic users from the payroll system</li> <li>• Strengthened controls around variations to staff salaries on the payroll system to reduce the opportunity for unauthorised entries to be added to the tracker and inadvertently processed</li> </ul>	12  (4,3)	↔	<ul style="list-style-type: none"> <li>• Ensure that all differences noted as part of this audit between gross salaries on the HR and Payroll system are followed up</li> <li>• Implement more robust procedures over the calculation of union and pension employee deductions</li> <li>• Put in place more robust systems to</li> </ul>	Payroll Manager/ Head of HR&OD  Payroll Manager  Payroll Manager/H ead of HR&OD	31 Dec 2019  31 Dec 2019  31 March 2020

														ACTION PLAN		
Ref	Risk Status	Strategic Category	Risk Description & Primary Sub-Committee	Causes	Impacts/ Evidence	Owner	Likeli-hood	Impact	Gross Risk	Actions to minimise risk IN PLACE	Residual Risk	Trend		Actions to minimise risk TO DO	Action Owner	Completion Date
										<ul style="list-style-type: none"><li>Introduced mechanisms to ensure that payroll checklists are always completed and held on file and that these checklists are always checked and signed off by someone independent of the payroll team prior to processing of the payroll.</li><li>Internal Audit commissioned to conduct evaluation of pensions and tax payments</li><li>Voluntary HMRC Disclosure made</li></ul>				<ul style="list-style-type: none"><li>ensure that payroll amounts are correctly calculated, processed and paid. This should include the provision of formal training to the Payroll Finance Assistant.</li><li>Ensure that variance reports have been reviewed and signed off.</li><li>Ensure that payroll accounts are reconciled on a regular basis and where reconciling differences are identified then these are followed up and resolved.</li><li>Review internal pensions arrangements to ensure full compliance with pensions legislation</li><li>Review recruitment &amp; induction processes</li><li>LINK TO AUDIT PLANS</li></ul>	Head of Finance/ Payroll Manager  College Financial Accountant     Head of HR&OD  Head of HR & OD  Clerk	31 Dec 2019  31 Dec 2019     31 March 2020  June 2020  June 2020
27	Active	Developing a successful and sustainable organisation	Deferred Income decision rescinded/ amounts overstated  F&GP	Processes undertaken to determine level of Deferred Income interpreted by SFC as not permissible	Monies allocated for spend by March 2020 in accordance with SFC guidelines no longer available  Rescinding/ downward revision of amounts accounted for could lead to significant shortfall in 2019/20 budget	Principal	2	5	10	<ul style="list-style-type: none"><li>Approach agreed with External Auditor re treatment of deferred income on grounds of non-materiality</li><li>Discussions conducted with SFC to carry over 2018/19 surplus into 2019/20</li><li>Board instructed that SFC be informed of intention to utilise fund by exception</li><li>Funds invested in College Estate during 2018/19 to ensure maximum utilisation</li></ul>	10 (2,5)	↔		<ul style="list-style-type: none"><li>Review systems to ensure that income released at milestone delivery</li><li>LINK TO AUDIT PLANS</li></ul>	Vice Principal External  Clerk	31 July 2020  June 2020

Ref	Risk Status	Strategic Category	Risk Description & Primary Sub-Committee	Causes	Impacts/ Evidence	Owner	Likeli-hood	Impact	Gross Risk	Actions to minimise risk IN PLACE	Residual Risk	Trend	ACTION PLAN		
													Actions to minimise risk TO DO	Action Owner	Completion Date
28	Active	Developing a successful and sustainable organisation	Procurement processes are not fully compliant with regulations  <b>F&amp;GP</b>	Internal processes not suitably robust	Contracts register incomplete	Vice Principal External	4	3	12	<ul style="list-style-type: none"> <li>• APUC provision of remote services from November 2018</li> <li>• Contracted member of APUC staff engaged by College from July 2019</li> <li>• <b>Procurement Strategy updated</b></li> <li>• <b>Procurement Policy updated</b></li> </ul>	12 (4,3)	↔	<ul style="list-style-type: none"> <li>• Update contracts register</li> <li>• Examine appropriate contracts to ensure compliance &amp; identify areas of potential compliance shortfall</li> <li>• Amend processes and circulate to key decision-makers to ensure compliance at all times</li> <li>• <b>LINK TO AUDIT PLANS</b></li> </ul>	Head of Finance          Clerk	31 March 2020          June 2020
29	New	Developing a successful and sustainable organisation	Insufficient levels of Asset Management are in place  <b>F&amp;GP</b>	Lack of systems/controls to record and manage changes to Asset Register	Asset Register not complete  Creates difficulty in producing accurate accounts	Vice Principal	4	3	12	<ul style="list-style-type: none"> <li>• Current Asset Register reviewed and weaknesses identified</li> <li>• Comparative analysis within sector conducted</li> </ul>	12 (4,3)		<ul style="list-style-type: none"> <li>• Update Asset Register</li> <li>• Review Financial Regulations</li> </ul>	Head of Finance	June 2020

Note: Risks 4, 5, 7, 8, 10, 12, 15, 19-24 are UHI Common Risks.

**LIKELIHOOD CRITERIA**      **TIMESCALE 3 YEARS**

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

**IMPACT CRITERIA**      **TIMESCALE 3 YEARS**

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

**Note:** Select criteria most appropriate. Use highest score if more than one criterion applies.

RISK MAP (for Gross risk & residual risk)

TIMESCALE 3 YEARS

IMPACT					
5 - Catastrophic	5	10	15	20	25
4 - Major	4	8	12	16	20
3 - Significant	3	6	9	12	15
2 - Minor	2	4	6	8	10
1 - Insignificant	1	2	3	4	5
	1 -Very Rare	2 - Unlikely	3 - Possible	4 - Likely	5 - Almost Certain
	LIKELIHOOD				

Attention should also be paid to risks that are very rare or unlikely that could cause a catastrophic impact.

## Perth College UHI

Paper No. 13

<b>Committee</b>	Board of Management
<b>Subject</b>	Health & Safety – Quarterly Update
<b>Date of Committee meeting</b>	18/03/2020
<b>Author</b>	Ian McCartney, Clerk to the Board of Management
<b>Date paper prepared</b>	10/03/2020
<b>Executive summary of the paper</b>	This paper highlights key information to ensure the Board is advised of any impactful issues or process defects, and to be advised of instances of areas of non-compliance relating to statutory issues.
<b>Consultation</b> How has consultation with partners been carried out?	
<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>Resource implications</b> (If yes, please provide details)	<del>Yes</del> / No
<b>Risk implications</b> (If yes, please provide details)	<del>Yes</del> / No <a href="#">Click or tap here to enter text.</a>

## Perth College UHI

<p><b>Link with strategy</b></p> <p>Please highlight how the paper links to the Strategic Plan, or assist with:</p> <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>	
<p><b><u>Equality and diversity</u></b></p> <p>Yes/ No</p> <p>If yes, please give details:</p>	<p><del>Yes</del>/ No</p>
<p><b><u>Data Protection</u></b></p> <p>Does this activity/ proposal require a Data Protection Impact Assessment?</p>	<p><del>Yes</del>/ No</p> <p>Click or tap here to enter text.</p>
<p><b>Status</b> (e.g. confidential/non confidential)</p>	<p>Non-confidential</p>
<p><b>Freedom of information</b></p> <p>Can this paper be included in “open” business?*</p>	<p>Yes/<del>No</del></p>

\* If a paper should **not** be included within ‘open’ business, please highlight below the reason.

<p>Its disclosure would substantially prejudice a programme of research</p>	<input type="checkbox"/>	<p>Its disclosure would substantially prejudice the effective conduct of public affairs</p>	<input type="checkbox"/>
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## Perth College UHI

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.

Further guidance on application of the exclusions from Freedom of Information legislation is available via:

<http://www.itspublicknowledge.info/ScottishPublicAuthorities/ScottishPublicAuthorities.asp>  
and

[http://www.itspublicknowledge.info/web/FILES/Public\\_Interest\\_Test.pdf](http://www.itspublicknowledge.info/web/FILES/Public_Interest_Test.pdf)

### Quarterly Update on Key Health & Safety Issues – Risk & Compliance

Control Area	Key Issues Identified	Current/Proposed Actions
Health and Safety Online Training	Mandatory Health and Safety online training remains an issue with the removal of Blackboard. Fire Safety Awareness training cannot be completed as it has not transferred over to Brightspace.	<p>As at 25 February 2020 the percentage of Marshalls Health, Safety and Wellbeing Online Training completed is shown below.</p> <p>Health and Safety 1 = 43%</p> <p>Health and Safety 2 = 50%</p> <p>Stress Management = 53%</p> <p>This poor completion has been addressed by the SMT</p> <p>Discussions are taking place about getting the missing H&amp;S training onto Brightspace</p>
Departmental Health and Safety Reporting	A new form has been introduced to bring ownership of Health and Safety throughout the College to each Department. They are to report on a monthly basis the number of accidents and incidents in each area, investigation of such events, near misses and hazardous events. Also included is the number of risk assessments completed, reviewed and how many outstanding actions, the number of workplace inspections conducted, % trainings completed, new hazards identified, actions taken etc.	February is only the second month and we are monitoring departmental returns and supporting managers who requested help to deliver this. The process has highlighted additional areas of health and safety around risk assessments and additional training is being delivered in June (Risk Assessment, COSHH and Manual Handling)
Management Training	The SMT agreed a minimum level of training for CMT members and above.	7 managers are signed up to undertake IOSH Managing Safely Training. Further review of training requirements for different staff

Health and Safety Training	<p>We are working with curriculum areas and departments to provide training and guidance and advances have been made. Training dates have been organised for June</p> <p>General Risk Assessor, 5 x 4hr sessions, 100 places available</p> <p>COSHH Risk Assessor, 2 x 4hr sessions, 40 places available</p> <p>Manual Handling Awareness, 9 x 1hr sessions, 180 places available</p> <p>COSHH Awareness, 4 x 1hr sessions, 80 places available</p> <p>Emergency First Aid at Work, 1 x 6hr session, 12 places available</p>	Staff to book on Ciphrr
Risk Assessments	<p>Improvements are being made in the quantity and quality of assessments being conducted and reviewed. Some areas have identified a lack of competent assessors which we will resolve in June. There is a notable flurry of activity with Departments catching up with previous instructions to renew and/or review their current assessments and to upload to PerthNet.</p>	<p>The situation is being monitored with constant reminders to Line Managers.</p> <p>Each department has been asked to complete a Hazard survey to ensure there is awareness of risk assessments that may be missing</p>
Maintenance & Inspection	<p>Curriculum areas and departments are required to provide to the Estates Department, an inventory of all plant, machinery and portable equipment within their areas to enable maintenance and inspection contract specifications to be drawn up. There is a requirement within the Provision and Use of Work Equipment Regulations 1998 (as amended), Regulation 5 and 6, and the Lifting Operations and Lifting Equipment Regulations 1998 (as amended) maintenance and inspection. Not all areas have completed their registers which will make Estates planning difficult and may also contravene legislation.</p>	Estates management are reminding those who have yet to comply.

Health & Safety Inspections	Since the last update in December 2019, an additional 4 inspections have been conducted by the HSWA with another 2 scheduled for 18 March. Recurring issues are passage of information from Health and Safety Committee and Management to shop floor level, risk assessments and health and safety related training.	An area of concern was identified in 1 area (unsafe working conditions) caused by an individuals' lack of housekeeping on and around their workstation. Line Manager has been informed, spot check due to take place on 11 March for improvement.
Workplace Inspections	Workplace Inspection are being conducted in higher risk areas each semester with lower risk area once a year. There is an improved general awareness of health and safety where some areas having arrangements in place for Caretaker and/or Estates Dept support during building and department safety tours.	Continuation of monitoring
Documentation Creation and Review	As stated above, progress is being made with the review and completion of risk assessments. During the summer period, all Health, Safety & Wellbeing Policies and Procedures (20 in all) will be reviewed. The Health and Safety Policy Statement of Intent, commonly known as the Health and Safety Policy will be brought up to date with the addition of the requisite Organisation and Arrangements.	This will be brought to the Board for signature in the Autumn term as part of its annual review

Ian Bow, Health, Safety & Wellbeing Adviser

March 2020

## Perth College UHI

Paper No. 14

<b>Committee</b>	Board of Management
<b>Subject</b>	Balanced Scorecard – March 2020 - Interim Progress Report 2018/19
<b>Date of Committee meeting</b>	18/03/2020
<b>Author</b>	Kirsty Campbell, Project & Planning Officer
<b>Date paper prepared</b>	16/03/2020
<b>Executive summary of the paper</b>	<p>The attached paper is the Balanced Scorecard interim progress report for 2018/19 providing an overview of the measures provided to date to the 2019/20 cycle of Board committees. Measures still to be reported, are shown as blank.</p> <p>The Balanced Scorecard aligns with the aims and measures for the strategic plan Vision 2021, outlining where possible, the final measures for AY 2018-19.</p> <p>The KPIs represented remain the same as previous years. SMT took the decision that the KPIs should stay the same for the remainder of the period covered by the college's current strategic plan 2016-21 with a view to carrying out a fuller review of the balanced scorecard and it's measures as part of the work for the next strategic plan.</p> <p>The presentation of the data follows on from the proposal recommendations presented to SMT, the Board and its Committees earlier this calendar year and is based upon Design Proposal One.</p> <p>The data is presented in 2 parts:</p> <p>Part One - is a summary of the measures in a simple table layout with measures of current performance categorised as Red (worsening), Amber (stable) and Green (improving)</p> <p>Part 2 – Provide more detailed analysis and insight with a trendline giving a pictorial representation of data over the past 3 years.</p>

## Perth College UHI

	<p><b>The following points are to be noted:</b></p> <p>The new design for the Balanced Scorecard has been highlighted in the Perth College Annual Audit Report as requiring further improvements with the recommendation to include actual metrics and a review of the reporting timelines. <b>This therefore has been added to the Audit Action Plan with a June 2020 timeline for completion.</b></p>
<p><b>Consultation</b></p> <p>How has consultation with partners been carried out?</p>	<p>Click or tap here to enter text.</p> <p>All measures and commentary provided by the relevant Head of Service</p>
<p><b>Action requested</b></p>	<p><input checked="" type="checkbox"/> For information only</p> <p><input checked="" type="checkbox"/> For discussion</p> <p><input type="checkbox"/> For recommendation</p> <p><input type="checkbox"/> For approval</p>
<p><b>Resource implications</b></p> <p>(If yes, please provide details)</p>	<p>No</p>
<p><b>Risk implications</b></p> <p>(If yes, please provide details)</p>	<p>No</p> <p>Click or tap here to enter text.</p>
<p><b>Link with strategy</b></p> <p>Please highlight how the paper links to the Strategic Plan, or assist with:</p> <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>	<p>The Balanced Scorecard KPI's stems directly from the Perth College UHI Strategic Plan 2016-21.</p>

## Perth College UHI

<u><b>Equality and diversity</b></u> Yes/ No If yes, please give details:	No
<u><b>Data Protection</b></u> Does this activity/ proposal require a Data Protection Impact Assessment?	No  Click or tap here to enter text.
<b>Status</b> (e.g. confidential/non confidential)	Non-Confidential
<b>Freedom of information</b> Can this paper be included in "open" business?	Open business

\* 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 checked="" type="checkbox"/>	Other [please give further details] Click or tap here to enter text.	<input type="checkbox"/>

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# Strategic Plan Targets and KPIs: Progress Report 2018-19

## 1. Summary of Performance Status (Red, Amber, Green)

Key: KPI performance status

Improving	↑
Maintaining	↔
Worsening	↓










Key: Target performance status

Target achieved	Green
Target progress maintained	Amber
Target missed	Red

Measure	Key Performance Indicator or Target	Performance
	<b>Students and Staff Achieving their Potential</b>	
1	a) Number of FT programmes that offer opportunities for work experience of equivalent to one unit or more	↔
	b) Number of students undertaking apprenticeships (total): a) SDS-funded b) Non-SDS Funded	↔
	c) Number of Vocational qualifications delivered to senior phase students	↑
2	Students moving onto positive destinations (including progressors) i. HE ii. FE	
3	Staff	
	a) Number of staff days spent on CPD/year (average per head)	↑
	b) Percentage of permanent staff with TQFE or equivalent	↓
	c) Number of staff: presenting papers of conferences number of publications	↑
		↓
	<b>Student Satisfaction</b>	
4	Track FE and HE Student Satisfaction through national student surveys	
	The proportion of students overall satisfied with college experience in: a) Student Satisfaction and Engagement Survey	↓
	b) National Student Survey	↑
5	Proportion of classes with a student representative or agreed structure i. HE ii. FE	↔
6	Proportion of Students that agree or mostly agree with the statements from the End of Year Student Survey Outcomes(SSES):	↑





	a) Course / Achievement i. I feel this is the right course for me (prev. The course was what I expected) ii. I feel this is the right course for me (prev. I am achieving what I set out to do)		
	b) Destination i. My time at college has helped me develop knowledge and skills for the workplace (prev. I am aware what I can do after my course) ii. I have received sufficient advice and guidance in relation to my course (prev. I feel prepared to take my next steps)		
	c) College i. Overall I am satisfied with my college experience (prev. I would recommend the College to a friend)		
	<b>Student Activity Measures</b>		
<b>7</b>	Meet published FTE recruitment targets for: a) HE b) FE		
<b>8</b>	Recruitment of students to FE courses: i. SIMD20 ii. Care experienced iii. Minority Ethnicity iv. Disability		
	Number of courses with a gender ratio >3:1		
<b>9</b>	FE Retention a) Students in courses over 160hours (inc. FT) i. Overall ii. SIMD20 iii. Care experienced iv. Minority Ethnicity v. Disability vi. Gender		
	b) FT FE students		
	FE Attainment a) Proportion of students attained for courses over 160 hours (inc. FT) i. Overall ii. SIMD20 iii. Care experienced iv. Minority Ethnicity v. Disability vi. Gender		

		
	b) Proportion of students attained for FT FE courses	
	<b>Sustainability</b>	
<b>10</b>	Financial:	
	a) Outturn	
	b) Gross carbon footprint	
	c) Non-core funding income (inc. Knowledge Transfer)	
11	Staff rates of:	
	a) Turnover	
	b) Sickness absence	
12	Number of accidents reported to HSE	
13	Number of businesses that engage with Perth College UHI	

## Section 2: Detail of Performance by Measure

### Detail of Performance: Measure 1a

Students and Staff Achieving their Potential			
Measure	Key Performance Indicator or Target	Performance	Trend
1	<b>Students and Staff Achieving their Potential</b>		
	a) Number of FT programmes that offer opportunities for work experience of equivalent to one unit or more		

**Baseline:** 20

**Target:** Improve on previous year's performance

**Trend:** Maintaining improved performance from previous year

**Tolerance:** tbc  
(+/-)



**Sector Average:** tbc  
(+/-)

### Note on performance

The number of FT programmes remains stable from 2017-18, which is reflected in no change to the number of courses offering work experience equivalent to 1 unit or more.

The college wide curriculum review currently underway will be an opportunity to review and where applicable increase the number of courses offering work experience as part of the programme.

**Detail of Performance: Measure 1b**

Students and Staff Achieving their Potential			
Measure	Key Performance Indicator or Target	Performance	Trend
1b	a) Number of students undertaking apprenticeships (total): i. SDS-funded ii. Non-SDS funded		

**Baseline:** a) 348 i. 145 ii. 203

**Target:** Improve on previous year's performance

**Trend:** Maintaining performance from 2017-18; overall downward trend from baseline

**Tolerance:** tbc  
(+/-)

**Sector Average:** tbc  
(+/-)

**Note on performance**

**The number of SDS (Skills Development Scotland) Funded Apprenticeships 2018-19:**

124 SDS funded Modern Apprenticeships

In addition, 46 Foundation Apprenticeships started in 2018


**The number of non-SDS funding apprenticeships (per subject area) 2018-19:**

43 Construction and Joinery  
62 Automotive Engineering  
23 Electrical

**Total number of apprenticeships 2018-19:**  
298

**Total number of apprenticeships 2017-18:**  
299

**Detail of Performance: Measure 1c**

Students and Staff Achieving their Potential			
Measure	Key Performance Indicator or Target	Performance	Trend
1	c) Number of Vocational qualifications delivered to senior phase students		

**Baseline:** 75

**Target:** Improve on previous year's performance

**Trend:** Continued increase the number of senior phase pupils enrolled on vocational qualifications

**Tolerance:** tbc  
(+/-)









**Sector Average:** tbc  
(+/-)

**Note on performance**

This figure represents the 3rd consecutive year on year improvement in the number of senior phase pupils enrolled on vocational qualifications with 214 pupils enrolled for 2018-19 and increase from 165 pupils in 2017-18.

This increase reflects the parallel growth in the number of Foundation Apprenticeship programmes offered by the college.

### Detail of Performance: Measure 3

Students and Staff Achieving their Potential			
Measure	Key Performance Indicator or Target	Performance	Trend
3	Staff		
	a) Number of staff days spent on CPD/year (average per head)		
	b) Percentage of permanent staff with TQFE or equivalent		
	c) Number of staff:		
	presenting papers of conferences		
	number of publications		

**Baseline:** a) 5.3 days b) 84% c) 19 and 8

**Target:** a) 6.5 days b) and c) improve on previous year's performance

**Trend:**  
a) Improvement from previous year; improved performance overall  
b) Marked decrease from previous year and overall, please see notes  
c) Decrease from previous year; performance maintained overall


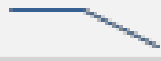


**Tolerance:** tbc  
(+/-)

**Sector Average:** tbc  
(+/-)

### Note on performance

- a) This figure represents the 3rd consecutive year where there has been an improvement from the previous year. The target number of staff days spent on CPD/year fell short of target by 1.7, work will continue on in 2019/20 to improve the figure and meet target.
- b) This figure represents the third consecutive year where there has been an improvement from the previous year. The target number of staff days spent on CPD/year fell short of target by 1.7, work will continue on in 2019/20 to improve the figure and meet target.
- d) Values for 2018-19 are indicative of progress and are accurate up to August 2019, based on data received from the college's Research Co-ordinator and from the PURE database. The college have identified 6 staff with significant responsibility for research who are expected to have a research output that will be eligible for the Research Excellence Framework (REF) 2021.

**Detail of performance: Measure 4**

Measure	Key Performance Indicator or Target	Performance	Trend
4	Track FE and HE Student Satisfaction through national student surveys		
	The proportion of students overall satisfied with college experience in: a) Student Satisfaction and Engagement Survey		
	b) National Student Survey		

**Baseline:** a) 93% b) 76%

**Target:** Improve on previous year's performance

**Trend:** a) Decrease from previous year; slight decrease overall  
b) Decrease from previous year; improved overall

**Tolerance:** tbc (+/-)





**Sector Average:** a) b) +1.00%  
(+/-)

**Note on performance**

- a) An overall satisfaction rate of 91% was achieved. The response rate was 46%; this was a drop from 64% from the Early Student Experience Survey (ESES). This is a concern since the same methodology was used for both surveys and lower feedback rates give less information for identifying actions to improve performance; the College will look to ways to improve the response rate. The overall satisfaction level was also a drop from 97% from ESES.
- b) The 85% overall satisfaction rating was a 3% decrease from 2018 however the benchmark for the institution overall has been achieved with a 9% increase from the baseline. The College also sits above the Scottish and UK average of 84%. The response rate was 80%

The overall UHI response rate was 83% and overall satisfaction rate 85%

**Detail of Performance: Measure 5**

Measure	Key Performance Indicator or Target	Performance	Trend
5	The proportion of classes with a student representative or agreed structure :		
	a) HE b) FE		

**Baseline:** a) 52% b) 34%

**Target:** Improve on previous year's performance

**Trend:** a) Maintaining from previous year; improving overall  
b) Improved on previous year and overall

**Tolerance:** tbc percentage point (+/-) previous 3-year average

**Sector Average:** (+/-)



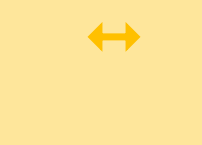

**Note on performance**

In 2018-19, 79% of eligible HE classes and 65% of FE classes (ie classes with 5 or more students) had a student representative. In total, this equated to 261 Student Reps with some classes preferring to nominate more than one representative. This continues the overall trend of an increase of the number of classes with a student representative.

The overall percentage of Student Reps who received the sparqs (student partnerships in quality scotland) Introductory Course Rep Training was 62%. The Perth Quality and HISA Perth officers delivered the sparqs training jointly.



**Detail of Performance: Measure 6**

Measure	Key Performance Indicator or Target	Performance	Trend
6a	Proportion of Students that agree or mostly agree with the statements from the End of Year Student Survey Outcomes(SSES): a) Course / Achievement		
	i. I feel this is the right course for me (prev. The course was what I expected) ii. I feel this is the right course for me (prev. I am achieving what I set out to do)		



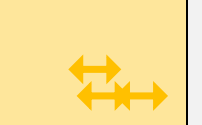

**Baseline:** i) 84% ii) 91%

**Target:** i and ii) Improve on previous year

**Trend:** i) Improved on previous year and overall  
ii) Maintained from previous year and overall

**Tolerance:** tbc  
(+/-)

**Sector Average:** (+/-)

Measure	Key Performance Indicator or Target	Performance	Trend
6b	b) Destination		
	i. My time at college has helped me develop knowledge and skills for the workplace (prev. I am aware what I can do after my course) ii. I have received sufficient advice and guidance in relation to my course (prev. I feel prepared to take my next steps)		

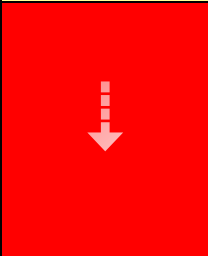
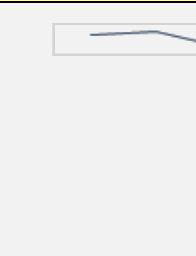
**Baseline:** i 92% ii 91%

**Target:** Improve on previous year

**Trend:** i. and ii. Maintaining from previous year and overall

**Tolerance:** tbc percentage point (+/-) previous 3-year average

**Sector Average:** (+/-)

Measure	Key Performance Indicator or Target	Performance	Trend
6c	Proportion of Students that agree or mostly agree with the statements from the End of Year Student Survey Outcomes(SSES): c) College i. Overall I am satisfied with my college experience (prev. I would recommend the College to a friend)		

**Baseline:** 92%

**Target:** Improve on previous year

**Trend:** Slight decrease from previous year; maintaining overall

**Tolerance:** tbc percentage point (+/-) previous 3-year average

**Sector Average:** (+/-)

#### **Note on performance for measure 6**

This year the SSES (previously Annual Student Survey) was issued to students electronically through JISC Online Surveys (using Bristol Online Surveys (BOS): this had previously been issued as a paper version. The use of electronic survey was first used as a methodology for the Early Student Experience Survey (ESES) in October 2018.

The move to online surveys is a UHI initiative to introduce a single regional approach to sampling methodology and capturing specific qualitative data to enable benchmarking. As such the same question set was used by all Academic Partners, although it is to be noted that the first 10 questions are set by the Scottish Funding Council and a return is made to them for the FE data. The number of questions used in the survey was reduced from 50 used in previous years to 33. Each AP has the option of adding an additional 6 questions but Perth College chose not to use this facility in the first year of change of methodology.

A total of 2621 students were targeted and a total of 1205 students completed the survey, giving an overall response rate of 46%. This is a decrease of 7% on the 2017/18, which was 53%. This is also much lower than the response rate for the Early Student Experience Survey carried out in October 2018, using the same methodology, which received an overall response rate of 64%.

The SSES response rate for 2018-19 can be broken down to level/mode:

FE overall 56% - FE FT 59% FE PT 32%





HE overall 37% - HE FT 44% HE PT 19% HE DL 7%

It is to be noted that the Student Funding Council target response rate was 50%. UHI response target for the SSES, which was endorsed by SMT, was set at 60%. Whilst this was 7% higher than achieved in 2017/18 based on the ESES response rate it was thought a reasonable target to aim for. It is disappointing therefore to see that a large proportion of response rates fell below the agreed SFC target and that very few achieved the agreed Perth College target. We acknowledge that this is the first year that the SSES has been issued electronically to the students however as stated the same methodology used in the ESES gave a more favourable response rate. It is determined that mitigation for poor results may be due to the timing of the release of the survey which spanned the 2 weeks either side of the Easter break, and the recent ASOS although this is speculative as there is no firm evidence of this.

The overall student satisfaction is 91%, which is a combined figure of students that agree and strongly agree. However viewed as a weighted average to take into account students who disagreed and apportioning a different weighting to that of strongly agree and agree the overall satisfaction is reduced to 64%. The same satisfaction question was asked in the Early Student Experience Survey and received an overall student satisfaction of 97%, with a weighted average of 70%. The overall satisfaction figure from the 2017/18 SSES however was 95% overall and 76% weighted average. So there has been a 12% decrease in the overall satisfaction figure from last year, and a 6% decrease from the early experience survey. A course by course comparison analysis of the ESES vs SSES will be completed and available for the next CMT meeting.

The change of methodology also provided the option of using service level satisfaction questions and 9 service level satisfaction questions specific to the Student Experience Department at Perth College were used.











**Detail of performance: Measure 7**

Student Activity Measures			
Measure	Key Performance Indicator or Target	Performance	Trend
7	Meet published FTE recruitment targets for: a) FE b) HE	 	 

**Baseline:** a) 26010 b) 1885.9

**Target:** a) 23887 b) 1975

**Detail of performance: Measure 8**

Measure	Key Performance Indicator or Target	Performance	Trend
	Track progress towards ensuring widening access analysis of data		
8	Recruitment of student to FE courses: i. SIMD20 ii. Care Experienced iii. Minority Ethnicity iv. Disability	   	   
	Number of courses with a gender ratio of greater than 3:1 (75/25 split)		

**Baseline:** a) i. 347/3108 ii. 63/737 iii. 441/4461 iv. 945/6536  
(Enrolments/  
Credits)

b) 33

**Target:** a) Improve on previous year's performance  
b) decrease in number of courses

**Detail of performance: Measure 9**



Measure	Key Performance Indicator or Target	Performance	Trend
9	FE Attainment		
	a) Proportion of students attained in courses over 160hours (inc. FT)		
	i. Overall		
	ii. SIMD20		
	iii. Care experienced		
	iv. Minority Ethnicity		
	v. Disability		
	vi. Gender		
	b) Proportion of FT FE students attained for courses over 160 hours (inc. FT)		

**Baseline:** a) i. 72.5% ii. 71.4% iii. 47.9% iv. 86.5% v. 69.2%  
vi. F 67.8% M 76.8%

b) 72.7%

**Target:** a) Improve on previous year's performance  
b) decrease in number of courses

**Detail of Performance: Measure 10a**

Sustainability			
Measure	Key Performance Indicator or Target	Performance	Trend
10	<b>Financial</b>		
	a) Outturn		

**Baseline:**        **-£4,000**

**Target:**        Achieve a break-even underlying operating position

**Trend:**        A worsening position overall offset by a marked improvement from 2017/18 to 2018/19

**Tolerance:**    tbc  
(+/-)

**Sector  
Average:**      tbc  
(+/-)

**Note on 2018/19 performance**

**Indicator**

Deficit for financial year 2018/19 was £243k before Revaluation and Actuarial adjustments.



**Source:**

Perth College UHI, Reports & Financial Statements 2018/19  
Consolidated and College Statements of Comprehensive Income for the year ended 31st July 2019

**Commentary:**

The College reported a consolidated deficit of £0.243 million for the year (2017/18: £1.45 million deficit). Following an actuarial loss of £1.7 million (2017/18: actuarial gains of £7.1 million), the College reported total comprehensive expenditure of £1.9 million (2017/18: £9.6 million income).

**Detail of Performance: Measure 10b**

Sustainability			
Measure	Key Performance Indicator or Target	Performance	Trend
10	<b>Financial</b>		
	b) Gross Carbon Footprint		

**Baseline:** 1864 tCO<sub>2</sub>

**Target:** Improve on previous year's performance with a reduction in CO<sub>2</sub> emissions

**Trend:** Downward trend for previous 3 years

**Tolerance:** tbc  
(+/-)

**Sector Average:** tbc  
(+/-)

**Note on performance**

**Perth College UHI Carbon Emissions 2018-2019.**

The College's carbon footprint is reported each year in the Public Sector Bodies Climate Change Duties report submitted annually since 2015.



The largest elements of the carbon footprint are the gas and electricity usage, which constitute 86%. Business Travel is the next largest component with 13% of carbon footprint of which the larger elements relate to flights abroad. Water, Waste and Other sundry items contribute the final 1% of the carbon footprint.

The College waste is not sent to landfill. The waste contractor compacts general non-recycled waste and exports it for incineration and this contributes a tiny amount of 2.8 tonnes of CO<sub>2</sub> to the total 1432 Carbon Footprint.

Since the year 2015 Perth College UHI has reduced its Carbon Footprint each of the three years by up to 10% per year. This period of reduction coincided with an expansion of the Campus by 20% with the addition of the Academy of Sport & Wellbeing in 2016.

For the coming year further LED Lighting replacement in classrooms and offices and the replacement of the Goodlyburn Boilerhouse equipment and controls in summer 2019 will potentially lead to a further modest reduction in carbon emissions via reduced gas and electricity consumption.

**Detail of Performance: Measure 10c**

Sustainability			
Measure	Key Performance Indicator or Target	Performance	Trend
10	<b>Financial</b>		
	c) Non-core funding income (to include Knowledge Transfer)		

**Baseline:** 42%

**Target:** An increase in the percentage of income from non-SFC sources (including Knowledge Transfer)

**Trend:** Maintaining slightly below target for previous 3 years

**Tolerance:** tbc  
(+/-)

**Sector Average:** tbc  
(+/-)

**Note on 2018/19 performance**

**Source:**

Perth College UHI, Reports & Financial Statements 2018/19

**Commentary:**


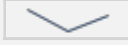


Figures have been pulled from the notes to the accounts on the following basis:

Note 3 Tuition Fees & Education Contracts	£6,521k
Note 4 Other Grants & Contracts	£652k
Note 5 Other Income	£4,066k
Note 6 Investment Income	£13k
<b>Total</b>	<b>£11,252k</b>

£11,252/ Total Income £27,613 = 40.7%



**Detail of Performance: Measure 11**

Sustainability			
Measure	Key Performance Indicator or Target	Performance	Trend
11	Staff rates of:		
	a) Turnover		
	b) Absence		

**Baseline:** a) 15.4% b) 9.2 days (avg. per employee)

**Target:** a) Improve on previous year and maintain staff turnover (%) below national average (20.5%)  
b) Improve on previous year by reducing the no. of days of staff absence

**Trend:** a) increase from previous year; maintaining overall  
b) 65% decrease from previous year; significant improvement overall



**Tolerance:** tbc percentage point (+/-) previous 3-year average

**Sector Average:** (+/-)

**Note on performance for measure 11**

- c) Staff turnover continues to be maintained below the national average; 2018-19 saw a slight increase of 3% from the previous year.
- d) The number of days staff spent on sick leave reduced by almost two-thirds in 2018-19, it decreased by 9.5 days (on average) compared to the previous year and is a decrease of 4.2 days from the baseline.

**Detail of Performance: Measure 12**

Sustainability			
Measure	Key Performance Indicator or Target	Performance	Trend
12	To maintain a healthy and safe working environment		
	Number of accidents reported to HSE:		

**Baseline:** 3

**Target:** Improve on previous year and maintain safe working environment

**Trend:** Decrease from previous year; significant improvement

**Tolerance:** tbc percentage point (+/-) previous 3-year average



**Sector  
Average:** (+/-)

**Note on performance for measure 12**

Only one accident was reportable which was a positive result for 2018-19.

We continue to work with departments to educate around safe practice and reporting responsibilities.

**Detail of Performance: Measure 13**

Sustainability			
Measure	Key Performance Indicator or Target	Performance	Trend
13	Number of businesses that engage with Perth College UHI		
	Number of businesses on Contact Database recorded as having an interaction with Perth College UHI		

**Baseline:** n/a (new criteria in place for 2018/19)

**Target:** Improve on previous year's performance

**Trend:** n/a (new mechanism for measuring for 2018/19)

**Tolerance:** tbc  
(+/-)

**Sector Average:** tbc  
(+/-)

**Note on performance**

Figures are based on number of business contacts we have within Business Development Team. The figure of 300 is the number of contacts for both National Training Programme Manager and Business Link Manager.

The Development Trust also has database of individuals we communicate with when fundraising for various projects. These have not been included in the figures.

The ownership of other business contacts will sit with the curriculum and therefore at this time, these numbers have also not been included in the figures. However, we are looking to develop "sector business development plans" over the coming months, this should give Business Development, and the curriculum greater alignment in the number of business contacts as a whole interact with Perth College UHI.

## Perth College UHI

Paper No. 15

<b>Committee</b>	Board of Management
<b>Subject</b>	International Strategy
<b>Date of Committee meeting</b>	18/03/2020
<b>Author</b>	Lin Shen, Team Leader - International
<b>Date paper prepared</b>	12/03/2020
<b>Executive summary of the paper</b>	This International Strategy sets out Perth College UHI's ambition to significantly impact the growth and development of the College and the University of the Highlands and Islands through deepening and diversifying its International Partnerships and Recruitment. It outlines the purpose, vision and strategic approaches the College will undertake to achieve that impact.
<b>Consultation</b> How has consultation with partners been carried out?	Paper has been scrutinised by previous F&GP and Audit Committees, and recommendations from those Committees have been absorbed into this revised Paper
<b>Action requested</b>	<input type="checkbox"/> For information only <input checked="" type="checkbox"/> For discussion <input type="checkbox"/> For recommendation <input checked="" type="checkbox"/> For approval
<b>Resource implications</b> (If yes, please provide details)	Yes/No tbc
<b>Risk implications</b> (If yes, please provide details)	Yes/No tbc

## Perth College UHI

<p><b>Link with strategy</b></p> <p>Please highlight how the paper links to the Strategic Plan, or assist with:</p> <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>	
<p><b><u>Equality and diversity</u></b></p> <p>Yes/ No</p> <p>If yes, please give details:</p>	<p><del>Yes</del>/ No</p>
<p><b><u>Data Protection</u></b></p> <p>Does this activity/ proposal require a Data Protection Impact Assessment?</p>	<p><del>Yes</del>/ No</p> <p>Click or tap here to enter text.</p>
<p><b>Status</b> (e.g. confidential/non confidential)</p>	<p>Non-confidential</p>
<p><b>Freedom of information</b></p> <p>Can this paper be included in “open” business?*</p>	<p>Yes/<del>No</del></p>

\* If a paper should **not** be included within ‘open’ business, please highlight below the reason.

<p>Its disclosure would substantially prejudice a programme of research</p>	<input type="checkbox"/>	<p>Its disclosure would substantially prejudice the effective conduct of public affairs</p>	<input type="checkbox"/>
<p>Its disclosure would substantially prejudice the commercial interests of any person or organisation</p>	<input type="checkbox"/>	<p>Its disclosure would constitute a breach of confidence actionable in court</p>	<input type="checkbox"/>
<p>Its disclosure would constitute a breach of the Data Protection Act</p>	<input type="checkbox"/>	<p>Other [please give further details] Click or tap here to enter text.</p>	<input type="checkbox"/>

## Perth College UHI

For how long must the paper be withheld? Click or tap here to enter text.

Further guidance on application of the exclusions from Freedom of Information legislation is available via:

<http://www.itspublicknowledge.info/ScottishPublicAuthorities/ScottishPublicAuthorities.asp>

and

[http://www.itspublicknowledge.info/web/FILES/Public\\_Interest\\_Test.pdf](http://www.itspublicknowledge.info/web/FILES/Public_Interest_Test.pdf)

# **Perth College UHI International Strategy 2019-2024**

## **Introduction**

This International Strategy sets out Perth College UHI's ambition to significantly impact the growth and development of the College and the University of the Highlands and Islands through deepening and diversifying its International Partnerships and Recruitment. It outlines the purpose, vision and strategic approaches the College will undertake to achieve that impact.

### **1. Executive Summary**

Perth College UHI plays an influential role in increasing the international business of the University through delivery of Transnational Education Partnerships, hosting international students and staff from partner universities thereby broadening the cultural diversity of the experience of students on campus. This International Strategy outlines the market context, future vision and strategic focus required to address the market opportunities and challenges open to the College over the next 5 years to 2024. It includes our Strategic Implementation Plan for the period to 2024.

### **2. Strategic and Market Context**

There are a number of strategic drivers to support the College's increasing investment into international development. Internationalisation is one of the 4 key pillars of Scotland's Economic Strategy and through the Scottish Funding Council's Strategic Framework, Colleges and Universities are encouraged to develop International Partnerships to increase the financial sustainability of our organisations. This will become increasingly necessary as projections for the sector by Audit Scotland predict a widening gap between income and expenditure. Increasing the proportion of non-government income to counter the increased cost base is recommended. Targeting the domestic market alone would limit the opportunities open to the College and building on and diversifying existing international partnerships will support the College's strategic aim to achieve continued financial sustainability.

The UK's planned departure from the EU will further increase the risk of reducing revenue streams as a result of uncertainties over the mobility of EU nationals. The College's reliance on revenue from EU sources equates to approximately 10% and with potential year on year reductions in EU students, particularly with a No Deal Brexit, non-EU revenue streams will become increasingly important.

A positive announcement in April 2019 by the Scottish Government confirmed that students from EU27 countries starting an undergraduate degree in 2020-21 will continue to be funded for the duration of their studies. There is a risk, that the Scottish Government might remove some or all of the funded places currently filled by EU students from 2021-22 onwards. This will be kept under review to minimise the impact on the College, however targeting an increase in the numbers of non-EU students would be prudent.

Depending upon the outcome of Brexit negotiations, the UK Government proposes EU students ultimately requiring a Tier 4 visa to study in the UK beyond 2021. This scenario will be likely to significantly reduce the number choosing the UK to study. With comparatively lower RUK and International student numbers, UHI will be likely to see a bigger per capita reduction in EU students than other universities.

The proposed re-introduction of the Post Study Work visa will open non-EU markets, particularly India and Perth College UHI would benefit from being fully prepared for this opportunity.

Current external factors such as the COVID19 virus also needs to be factored into this strategy as it is not fully known how this will impact existing partnerships and progress with developing new partnerships. Current indications are that with travel suspended across many countries to

minimise the spread of the disease, recruitment for 2020/21 will be significantly impacted and income projections have been reduced accordingly.

### **Perth College's role within UHI**

At University level, UHI's proportion of students from outwith Scotland are much lower than other universities. Approximately 50% of the university's international business originates from Perth College led recruitment and delivery. The University's strategic objective is to increase International revenue from £2m to £4m within 5 years. Perth College will play a key role in the achievement of this target. To achieve this, international revenue streams will require 50% year on year growth from the projected £1m budgeted in 2019/20.

An International Steering Group has been established with 6 Workstreams involving representation from all Academic Partners with the goal of creating a UHI International Strategy to achieve this £4m target. Based on the current MicroRam funding model, any Academic Partner generating increased International students on campus based network programmes or delivered on a TNE basis, receive a share of that revenue.

### **Current Market Reach**

On behalf of the University, Perth College leads international partnership relationships in China, Japan, India, North America and Europe. Targeting AST international partnerships for the benefit of Perth College will provide another growth opportunity. The first of these will be within Kuwait for the Aircraft Maintenance Engineering System and Management BSc. Appendix 3 provides a breakdown of these partnerships and the curriculum offer.

### **Target Market Growth Projections**

The College will further develop existing and new relationships within markets where we already have partnerships.

### **Established Markets**

China

Japan

### **Growing/ Emerging Markets**

India

AST Partnerships

### **Other Target Markets**

North America

Europe

Malaysia

Thailand

Brunei



### 3. Competitor Analysis

In UK terms, other universities have a greater track record in recruiting International students. Appendix 2 shows the UHI's relative undergraduate and postgraduate recruitment in the context of other Scottish universities.

Other countries which are often more appealing than the UK to international students are Australia, US and Canada, primarily as a result of the Post Study Work (PSW) opportunities provided. The reintroduction of PSW will enable the UK to compete again, however the proposed offer is for 2 years initially PSW visas after graduation. It applies to people who graduate from degree level or above. The guidelines have now been published by UKVI.

### 4. SWOT Analysis

#### CHINA

<b>Strengths</b>  Expertise in market knowledge and contacts Experience in TNE delivery, developed over 7 years. Understanding of market entry and approval processes Successful models with strong attainment rates, recognised by Chinese Ministry of Education Actively contributing towards China's programme of education reform Student support Good facilities in Perth/ UHI and within Chinese partner institutions Very strong relationships with supportive partners Responsive Competitive Fees Small class sizes Location – safe and secure	<b>Weaknesses (internal)</b>  Location - rurality VC delivery can impact student satisfaction Staffing capacity and person dependency in key areas, particularly in Engineering
<b>Opportunities</b>  Institutional agreements Re-introduction of PSW Developing new types of business/ research Broaden into wider curriculum areas Developing new partnerships – Tier 3 and 4 cities progressing into Tier 2 cities. Review delivery models for greater financial sustainability English language development Marketing – Chinese website Alumni engagement to broaden education and industry partnerships	<b>Threats (UHI)</b>  Academic Ranking Structure Limited international support Limited product recognition for the market Research profile Competitors Immigration regulations In-country approval policies English language proficiency limiting to student attainment levels

## INDIA

<b>Strengths</b> Responsive Supportive Market knowledge In-country representation with strong networks of academic contacts Competitive Fees Student support Our niche programmes currently fit market demand AST Location – safe and secure	<b>Weaknesses (internal)</b> VC delivery not always conducive to international student engagement Limited international development resources Location – rurality. Not so well known outwith UK Lack of internationalisation Scholarship policy is limited Fee structure within market is low. Student volume required for sustainability.
<b>Opportunities</b> Aircraft Engineering and Management is a high priority area in India AST Demand for MBAs in India Re-introduction of PSW opportunities Quality Assurance of Learning and Teaching	<b>Threats (UHI)</b> High tuition fee Limited marketing support Limited brand awareness Brexit Competitors Immigration regulations Student Quality

### 5. Mission, Vision and Strategic Aims

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

**Vision** - To be an inspirational partner in international education, research and social transformation.

**Values** – Ambition, Integrity and Respect

**Strapline** – Adding Value and Inspiration in Learning. Alternatives – Broaden your Future

#### Strategic Aims

- i. To deliver high quality programmes that will generate mutually beneficial international partnerships leading to increased student recruitment and collaborative research opportunities
- ii. To internationalise the curriculum to broaden the education and cultural experiences of students and staff
- iii. To raise the international profile of University of the Highlands and Islands Perth Campus

## 6. Strategy Map & Balanced Scorecard

Theme	Strategic Objective	KPI	Target	RAG Status
Financial	Increase the Financial Sustainability of the College	International/ RUK Revenue (£)	Yr 1 - £900k Yr 5 - £2m	
		Margin	Yr 1 - 30% Yr 5 - 35%	
Customer	Increase the quality of mutually beneficial international / EU partnerships and student recruitment	International Partnerships	Yr 1 - 16 Yr 5 - 30	
		Student satisfaction	95%	
		New Markets	Yr 5 - 4	
		TNE students	Yr 1 - 150 Yr 5 - 450	
		On Campus students	Yr 1 - 25 Yr 5 - 100	
	Deliver increased attainment through an enhanced student experience	Student attainment	Yr 1 - 80% Yr 5 - 85%	
		Student retention	Yr 1 - 85% Yr 2 - 90%	
	Create opportunities for visiting international scholars	International scholars	Yr 2 - 2 Yr 5 - 10	
Process	Deliver quality programmes internationally	New programmes	Yr 5 - 6	
	Adapt delivery models to support customer and market needs	Student satisfaction	95%	
	Introduce more scalable international growth models including franchising	International partnerships	Yr 2 - 1 Yr 5 - 5	
	Retain UKVI Tier 4 License	Visa refusals	<10%	
		Enrolment	>90%	
		Student Completion	>85%	

Theme	Strategic Objective	KPI	Target	RAG Status
	Increase international partnerships and recruitment through improved marketing and communications	Positive international coverage	International Communications Strategy  Chinese website  Social Media In-market  Alumni Network	
	Introduce commercial subsidiary for international business	Dedicated international staff	Yr 1 – 0  Yr 5 - 6	
		Increased margin	Yr 1 – 30%  Yr 5 – 35%	
	Introduce Scholarship policy tailored to market demands	Increased recruitment	Yr 5 - 100	
	Increase accommodation options for Perth international students	Increased host families	Yr 1 – 35  Yr 5 - 70	
		Increased residences	Yr 1 -	
People	Embed a collaborative commercial culture across the College	Staff delivering international programmes	Yr 1 – 6  Yr 5 - 16	
		Academic programmes delivered internationally	Yr 1 – 2  Yr 5 - 10	

## 7. Key Initiatives to Achieve the Strategic Objectives

Phase 1 (2019/20)	Phase 2 (2020-2022)	Phase 3 (2023-2024)
i. Deepen and establish new relationships- £900k ii. Review delivery models inc commercial subsidiary iii. Develop exchange opportunities for students and staff iv. Enhance comms incl Chinese website and social channels	China – Implement Micro Campus, ZUA, HUUC new delivery  AST Partnerships – develop new relationships for PC  India – establish VES MBA and create opportunities to develop learning centres  North America – establish sport, business and music	China – Implement Research collaborations  China – Sichuan University of Arts and Science new delivery  Develop Partnerships in new South East Asian markets  Kuwait – College of Aviation Technology  Establish Learning Centres in India  Establish IBM collaboration in India

## **References**

Scotland's Economic Strategy, Scottish Government, 24 October 2018

National Performance Framework, Scottish Government, 1 July 2019

Strategic Framework 2019-2022, SFC

Scotland's Colleges 2019, Audit Scotland June 2019

## **Appendix 1 - Perth College UHI International Strategy Summary**

## **Appendix 2 – UHI Competitor Analysis**

## **Appendix 3 – Perth College International Partnerships and Programmes**

## **Appendix 4 – In Market Delivery Revenue Projections**

## **Appendix 5 – Perth College International Revenue Projections**

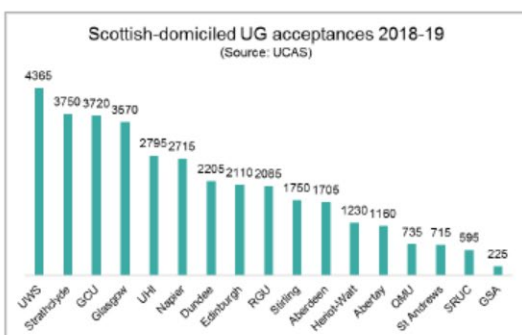
## Appendix 1 - Perth College UHI International Strategy Summary

<b>Mission Statement</b>	To change lives through excellence in education, research and innovation, developing knowledge and skills and the experience to succeed.			
<b>PC International Vision</b>	To be an inspirational partner in international education, research and social transformation.			
<b>Values</b>	Ambition, Integrity, Respect			
<b>Strapline</b>	Adding Value and Inspiration in Learning			
<b>Impact towards achievement of National Performance Framework Outcomes</b>	<p>Our people:</p> <ul style="list-style-type: none"> <li>• Are creative citizens where their vibrant and diverse cultures are expressed and enjoyed widely.</li> <li>• Have a globally competitive, entrepreneurial, inclusive and sustainable economy.</li> <li>• Are well educated, skilled and able to contribute to society.</li> <li>• Are open, connected and make a positive contribution internationally.</li> </ul>			
<b>Strategic Aims</b>	<p>To deliver high quality programmes that will generate mutually beneficial international partnerships leading to increased student recruitment and collaborative research opportunities</p> <p>To internationalise the curriculum to broaden the education and cultural experiences of students and staff</p> <p>To raise the international profile of University of the Highlands and Islands Perth Campus</p>			
<b>Strategic Themes</b>	<b>Financial Sustainability</b>	<b>Improved Student and Staff Experience</b>	<b>Quality Programmes, Partnerships, Recruitment and Research</b>	<b>Growing International Profile</b>
<b>KPI's</b>	<p><b>Revenue</b></p> <p>Yr 1 - £900k</p> <p>Yr 5 - £2m</p> <p><b>Margin</b></p> <p>Yr 1 - 30%</p> <p>Yr 5 - 35%</p>	<p><b>Student Satisfaction</b> 95%</p> <p><b>Student Growth</b></p> <p>Yr 5 - 100%</p> <p><b>Student Attainment</b> -85%</p> <p><b>Student Retention</b> - 90%</p>	<p>Retain Tier 4 License</p> <p>New International Programmes(6)</p> <p>International Partnerships (30)</p> <p>Commercial Subsidiary</p> <p>Introduce Franchising</p>	<p>International Communications Strategy</p> <p>Chinese website</p> <p>Social Media In-market</p> <p>Alumni Network</p>
<b>Phase</b>	<b>Priority Countries / Markets</b>			
<b>1. 2019/20</b>	<b>Established markets</b>		China Japan	Europe
<b>2. 2020/22</b>	<b>Growing / Emerging Markets</b>		AST Partnerships US	India
<b>3. 2022/24</b>	<b>Other Target Markets</b>		Malaysia	Thailand Brunei (Appendix H)

## Appendix 2 – UHI Competitor Analysis

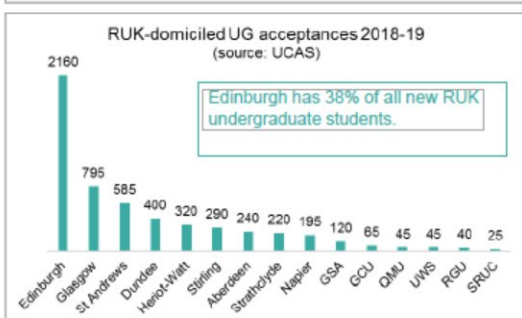
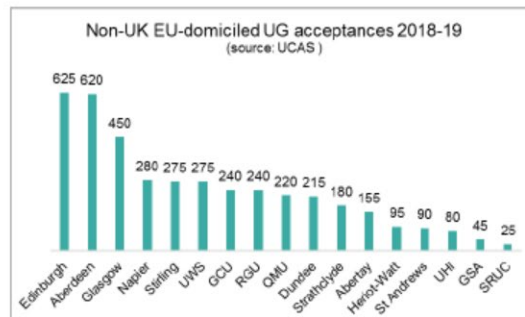
### Scottish sector: 2018 undergraduate acceptances

This data show UCAS undergraduate acceptances to Scottish universities for entry in academic year 2018-19. It is the most recent snapshot available.



#### SFC-funded students (Home and EU)

Modern universities =  
30% of Scottish-domiciled acceptances

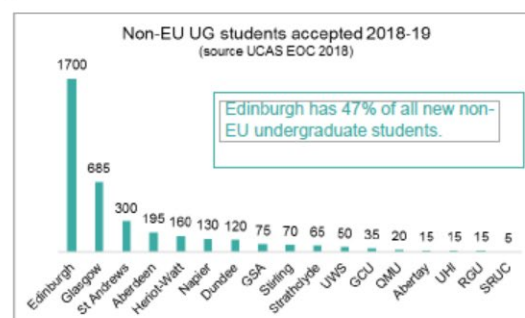


#### Non-SFC funded (RUK and non-EU)

Modern universities =

7% of acceptances  
from RUK

8% of the international  
non-EU students



### Scottish sector: international (non-EU) taught postgraduate (PGT) students

Over half of the new PGT students from outwith the EU who came to Scotland in 2017-18 registered at the universities of Glasgow and Edinburgh.  
Only 14% went to the modern universities

39% of non-EU PGT students in Scotland are studying on a business programme.

36% of those non-EU business students are studying at the University of Glasgow.

NEW NON-EU PGT 2017-18	TOTAL	share
The University of Glasgow	3090	27%
The University of Edinburgh	2815	24%
The University of Strathclyde	1135	10%
The University of Aberdeen	730	6%
Heriot-Watt University	595	5%
The University of Stirling	510	4%
The University of Dundee	470	4%
Edinburgh Napier University	425	4%
The University of St Andrews	415	4%
The University of the West of Scotland	375	3%
Glasgow Caledonian University	370	3%
The Robert Gordon University	270	2%
Glasgow School of Art	195	2%
Queen Margaret University, Edinburgh	85	1%
Royal Conservatoire of Scotland	60	1%
University of Abertay Dundee	35	0%
University of the Highlands and Islands	20	0%
SRUC	0	0%
<b>TOTAL</b>	<b>11595</b>	<b>100%</b>

NEW NON-EU PGT 2017-18	TOTAL	share
(D) Business & administrative studies	4515	39%
(9) Engineering & technology	940	8%
(B) Social studies	885	8%
(I) Education	670	6%
(8) Computer science	590	5%
(3) Biological sciences	510	4%
(C) Law	490	4%
(2) Subjects allied to medicine	450	4%
(H) Creative arts & design	425	4%
(A) Architecture, building & planning	395	3%
(6) Physical sciences	350	3%
(G) Historical & philosophical studies	330	3%
(F) Languages	315	3%
(7) Mathematical sciences	270	2%
(1) Medicine & dentistry	165	1%
(E) Mass comms & doc	165	1%
(5) Agriculture & related subjects	125	1%
(4) Veterinary science	5	0%
(J) Combined	0	0%
<b>TOTAL</b>	<b>11595</b>	<b>100%</b>

This data show registered students at Scottish universities. Source: HESA. 2017-18 is the most recent data available..

### Appendix 3 – Perth College International Partnerships and Programmes

Country	Partner	Curriculum
China	Hunan Institute of Engineering	Electrical/Mechanical Engineering
	Henan University of Urban Construction	Electrical Engineering
	Henan University of Urban Construction	Visual Communication
	Zhengzhou University of Aeronautics	Aircraft Engineering
	Zhoukou Normal University	Popular Music
	Sichuan University of Arts and Science	Visual Communication
	Sichuan University of Arts and Science	Music
	Yunnan University of Commerce and Business	English Language
	Chengdu College of Polytechnics	English Language + Aircraft
	Nanchang Institute of Technology	English Language
Japan	Ferris University	English Language
	Chiba University of Commerce	English Language
	Nagasaki University	English Language
	Nagoya University	English Language
	Osaka Gakuin University	English Language
	Kanda	English Language
India	Sanjay Ghodawat University, India	None specified but starting out with articulation onto BEng Aircraft Engineering
	Regional Institute Management & Technology Punjab	None specified but starting out with articulation onto BEng Aircraft Engineering
	Vivekanand Education Society	MBA Aviation
Kuwait	College of Aviation Technology	BSc Aircraft Engineering
USA	Lander	Sport
USA	Point Park University	Sport
USA	University of Texas San Antonio	MBA/ Summer Schools
USA	West Carolina University	MBA/ Summer Schools
USA	Utah Valley University	MBA/ Summer Schools
USA	University of Utah	MBA/ Summer Schools
USA	Westminster College university	MBA/ Summer Schools



## University of the Highlands and Islands International Programmes

Currently, there are 20 Undergraduate Degree programmes and 3 Postgraduate Degree programmes validated for international Tier 4 students at Perth College UHI. In addition, there are networked programmes in Art/Social Science/Humanities. Perth College aims to promote different types of curriculum in different markets. The programme list below shows the location of the programme leader. Perth College will prioritize targeted programmes of most interest to key international markets including.

- China – Engineering, Business and Leisure, Creative Industries
- India – IT, Engineering, Business and Leisure, Creative Industries, MBA
- Japan – Short-term studies and English language
- USA – Business and Leisure, Science and Environment, Engineering, IT, MBA
- Malaysia/Thailand/ Brunei – Focus on MBA and Engineering

### Postgraduate Programmes (3 programmes)

Business Administration (Aviation)MBA	Programme leader is based in Perth. Tier 4 students can only study this programme at Perth.
Business Administration (Executive)MBA	Programme leader is based in Perth. Tier 4 students can only study this programme at Perth.
Music MMus	Programme leader is based in Perth. This programme is only delivered in Perth.

### Undergraduate Programmes (20 programmes)

Business and Leisure (5 programmes)	
Accounting and Finance BA (Hons)	Programme leader is based in Perth. Most face-to-face delivery takes place in Perth.
Business and Management BA (Hons)	Programme leader is based in Inverness. Inverness is the lead partner and offers the most face-to-face delivery.
Hospitality Management BA (Hons)	Programme leader is based in Perth. Most face-to-face delivery takes place in Perth.
Outdoor Education and Learning BA (Hons)	Programme leader is based in Perth. Both Inverness and Perth offer the same proportion of face-to-face delivery.
Sport and Fitness BSc (Hons)	Programme leader is based in Perth. There is face-to-face delivery in all academic partners.
IT (1 programme)	
Computing BSc (Hons)	Programme leader is based in Moray. The third year of the programme involves wide-ranging delivery from partners. In the fourth year, there is an equal split between Moray and Perth.

<b>Science and Environment (4 programmes)</b>	
Archaeological Science BSc (Hons)	Programme leader is based in Orkney. Orkney is the lead partner and offers the most face-to-face delivery. This is the location that international students are recommended to attend.
Archaeology and Environmental Studies BSc (Hons)	Programme leader is based in Orkney. Orkney is the lead partner and offers the most face-to-face delivery. This is the location that international students are recommended to attend.
Bioscience BSc (Hons)	Programme leader is based in Perth.
Environmental Science BSc (Hons)	Programme leader is based in North Highland College. Most face-to-face delivery takes place at Inverness.
<b>Creative Industries (5 programmes)</b>	
Audio Engineering BSc (Hons)	Programme leader is based in Perth. This programme is only delivered in Perth.
Contemporary Art and Contextualised Practice BA (Hons)	Programme leader is based in Perth. The programme is delivered at Perth and Inverness with shared lead partnership.
Music Business BA (Hons)	Programme leader is based in Perth. This programme is only delivered in Perth.
Popular Music BA (Hons)	Programme leader is based in Perth. This programme is only delivered in Perth.
Visual Communication and Design BA (Hons)	Programme leader is based in Perth. Both Perth and Inverness deliver this programme on a face-to-face basis.
<b>Engineering (5 programmes)</b>	
Aircraft Engineering BEng (Hons)	Programme leader is based in Perth. This programme is only delivered in Perth.
Aircraft Maintenance Engineering and Management BSc (Hons)	Programme leader is based in Perth. This programme is only delivered in Perth.
Electrical and Electronic Engineering BEng (Hons)	Programme leader is based in Lews Castle. Delivery is split between the academic partners. The largest cohort for face-to-face delivery of year 3 is at North Highland with smaller cohorts at the other partners. Face-to-face delivery of year 4 is mainly at Perth, but with some delivery from Lews Castle..
Energy Engineering BEng (Hons)	Programme leader is based in Lews Castle. Most face-to-face delivery takes place at Lews Castle.
Mechanical Engineering BEng (Hons)	Programme leader is based in North Highland.

## **UHI Networked Degrees**

Perth College can offer on-campus facilities for International students to study these programmes through mixed methods including face to face delivery and video conference. This would require breadth of student numbers where Perth is offering a hosting only service to ensure a good student experience for international students.

- Archaeological Studies MLitt
- Archaeology BA (Hons)
- Archaeology and Criminology BA (Hons)
- Archaeology and Sociology BA (Hons)
- Criminology and Theology BA (Hons)
- Culture, Heritage and Criminology BA (Hons)
- Culture, Heritage and Politics BA (Hons)
- Culture, Heritage and Sociology BA (Hons)
- History BA (Hons)
- History and Criminology BA (Hons)
- History and Politics BA (Hons)
- History and Sociology BA (Hons)
- Literature BA (Hons)
- Literature and Criminology BA (Hons)
- Literature and Politics BA (Hons)
- Literature and Sociology BA (Hons)
- Philosophy, Politics and Economics BA (Hons)
- Politics and Archaeology BA (Hons)
- Politics and Criminology BA (Hons)
- Politics and Theology BA (Hons)
- Scottish History BA (Hons)
- Scottish History and Criminology BA (Hons)
- Scottish History and Politics BA (Hons)
- Scottish History and Sociology BA (Hons)
- Social Sciences BA (Hons)
- Sociology and Criminology BA (Hons)
- Sociology and Politics BA (Hons)
- Sociology and Theology BA (Hons)
- Theological Studies BA (Hons)

## Appendix 4 – In Market Delivery Revenue Projections

### Perth College International Strategy

PERTH COLLEGE						
Analysis of International Activity 2019/20						
<b><u>China Programmes</u></b>	<b>Total</b>	<b>FTC00</b>	<b>FTC00</b>	<b>FTC02</b>	<b>FTC09</b>	<b>Comments/Assumptions/Sources</b>
		<b>Hunan</b>	<b>HUUC</b>	<b>Zhoukou</b>	<b>Zhenghou</b>	
<b><u>Income</u></b>						
Fees - Partners (China)	479,250	230,000	142,500	55,000	51,750	From 19/20 budget
<b>Total Income</b>	<b>479,250</b>	<b>230,000</b>	<b>142,500</b>	<b>55,000</b>	<b>51,750</b>	
<b><u>Expenditure</u></b>						
<b><u>Staff</u></b>						
Teaching - Hunan (HIE)	57,938	57,938				HIE HUUC costings. Evenly split for presentation.
Teaching - HUUC	57,938		57,938			HIE HUUC costings. Evenly split for presentation.
Teaching - Zhoukou (ZNU)	10,400			10,400		Guest Lecturers (2 Lecturers x 2 visits of 2 week duration) 160 hours x £65
Teaching - Zhenghou (ZUA)	18,233				18,233	ZUA Costing Model 1 costings.
<b>Total Staff</b>	<b>144,508</b>	<b>57,938</b>	<b>57,938</b>	<b>10,400</b>	<b>18,233</b>	
<b><u>Non Staff</u></b>						
Supplies & Services - China	0					From 19/20 budget
Travel - China	86,300	22,950	22,950	25,400	15,000	From 19/20 budget. Evenly split for presentation.
Agents Commission	0					
Membership fees & Subscriptions	0					
<b>Total Non Staff</b>	<b>86,300</b>	<b>22,950</b>	<b>22,950</b>	<b>25,400</b>	<b>15,000</b>	
<b>Overhead (assume 35% of total expenditure)</b>	<b>80,783</b>	<b>28,311</b>	<b>28,311</b>	<b>12,530</b>	<b>11,632</b>	
<b>OPERATING SURPLUS / (DEFICIT)</b>	<b>167,659</b>	<b>120,802</b>	<b>33,302</b>	<b>6,670</b>	<b>6,885</b>	
Source: 2019/20 Budget & Project Budgets						



## Perth College UHI International Strategy Appendix 5

International Business In-country delivery													IS Plan							
2019/20			2020/21		2020/21		2021/22		2021/22		2021/22			2022/23		2022/23		2023/24		2023/24
	Tuition fee	Students	Total	Students	Total	Tuition fee	Students	Total	Students	Total	Students	Total	Students	Total	Students	Total	Students	Total	Total	
Hunan Institute of Engineering	£2,000	115	£230,000	151	£302,000				220	£440,000	220	£440,000	220	£440,000	220	£440,000	220	£440,000	£1,852,000	
Zhoukou Normal University	£900	55	£49,500	60	£90,000	£1,500			65	£97,500	65	£97,500	65	£97,500	65	£97,500	65	£97,500	£432,000	
Zhengzhou University of Aeronautics	£2,300	94	£54,050	94	£108,100				94	£162,150	94	£216,200	94	£216,200	94	£216,200	94	£216,200	£756,700	
Henan University of Urban Construction	£1,500	101	£151,500	95	£142,500				100	£150,000	100	£150,000	100	£150,000	100	£150,000	100	£150,000	£744,000	
College of Aviation Technology Kuwait	£2,100		£0	0	£0				0	£0	0	£0	0	£0	0	£0	0	£0	£0	
India Partnerships	£1,000		£0							£0		£0		£0		£0		£0	£0	
			£485,050	£642,600					£849,650		£903,700		£903,700		£903,700		£2,909,485			

International Business On-campus delivery														IS Plan					
	2019/20			2020/21		2020/21		2021/22		2021/22		2022/23			2022/23		2023/24		2023/24
	Tuition fee	Students	Total	Students	Total	Tuition fee	Students	Total	Students	Total	Students	Total	Students	Total	Total				
International Recruitment	£5,466.61	28	£153,065	35	£191,331		80	£437,329	80	£437,329	80	£437,329	10	£112,640	£1,656,382				
HIE Year 4 Recruitment	£11,264	7	£78,848	0	£0		10	£112,640	10	£112,640	10	£112,640	10	£112,640	£416,768				
Language School Commercial Recruitment			£83,000		£91,300			£91,300		£91,300		£91,300		£91,300	£448,200				
Language School Summer School			£44,000		£0			£0		£0		£25,000		£25,000	£69,000				
Language School Pre-sessional	2350	5	£11,750	0	£0		5	£11,750	5	£11,750	5	£11,750	5	£11,750	£47,000				
Language School - AST Qatar project	7000		£7,000		£7,000														
US Summer Schools	2000		£0	12	£24,000		12	£24,000	12	£24,000	12	£24,000	12	£24,000	£96,000				
Short-term training (2 groups)	£21,827	2	£40,000	1	£21,827		2	£43,654	2	£43,654	2	£43,654	2	£27,000	£176,135				
			£417,663		£335,458			£720,673		£720,673		£720,673		£729,019	£2,909,485				

Total International Revenue	£902,713	£978,058	£1,570,323	£1,624,373	<b>Total</b>	<b>£1,632,719</b>	£5,818,970
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International Business In-country delivery (Pipeline)													IS Plan
2019/20			2020/21		2020/21	2021/22	2021/22	2021/22	2022/23	2022/23	2023/24	2023/24	
	Tuition fee	Students	Total	Students	Total	Tuition fee	Students	Total	Students	Total	Students	Total	Total
Hunan Institute of Engineering (new Programme)	£2,000		£0		£0		300	£600,000	300	£600,000	300	£600,000	£1,800,000
Sichuan University of Arts and Science	£3,000		£0	120	£90,000		120	£180,000	120	£270,000	120	£360,000	£900,000
Zhengzhou University of Aeronautics	£2,200		£0		£0		94	£51,700	94	£103,400	94	£155,100	£310,200
Chengdu Aeronautic Polytechnic	£2,000		£0		£0		40	£80,000	40	£80,000	40	£80,000	£240,000
College of Aviation Technology Kuwait	£2,100		£0		£0		70	£177,000	70	£324,000	70	£324,000	£825,000
India Partnerships	£1,000		£0				100	£100,000	100	£100,000	100	£100,000	£300,000
			£0		£90,000			£1,188,700		£1,477,400		£1,619,100	£4,375,200

## Perth College UHI

Paper No. 16

<b>Committee</b>	Board of Management
<b>Subject</b>	Procurement Strategy
<b>Date of Committee meeting</b>	09/03/2020
<b>Author</b>	Charyleen Emslie, Procurement Manager
<b>Date paper prepared</b>	01/10/2019
<b>Executive summary of the paper</b>	<p>The following paper details the Perth College Procurement Strategy for the period Dec 2019-Dec 2021.</p> <p>The current strategy (2016-2019) is due to expire this year and therefore a new strategy has been created that will address the anticipated procurement related issues for the following 2 year period. The next strategy will then align with the new Strategic Plan that is due to be published in 2021.</p> <p>The Procurement Strategy links to the Colleges Strategic plan and details the aims and actions the Procurement team will take to support the delivery of the corporate aims.</p>
<b>Consultation</b> How has consultation with partners been carried out?	Strategy has been passed by F&GP Committee, March 2020, with formatting corrections
<b>Action requested</b>	<input type="checkbox"/> For information only <input type="checkbox"/> For discussion <input type="checkbox"/> For recommendation <input checked="" type="checkbox"/> For approval

## Perth College UHI

<b>Resource implications</b> (If yes, please provide details)	<b>No</b>
<b>Risk implications</b> (If yes, please provide details)	<b>No</b> Click or tap here to enter text.
<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>	<p>This strategy succeeds the 2016-2019 Procurement Strategy. It defines and sets out objectives to deliver the most effective procurement processes to support the aims of the College's Strategic Plan (2016-2021).</p> <p>An action plan defines specific tasks that will deliver the Strategic Plan aims.</p> <p>The strategy also supports the compliance to legislative regulations such as Procurement Reform Act 2014 and GDPR 2018.</p> <p>The strategy also supports procurement risk management and effective contract management processes to mitigate risk to the college and maximise cash and non cash efficiencies.</p>
<u><b>Equality and diversity</b></u> Yes/ No If yes, please give details:	<b>No</b>
<b>Island communities</b> 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)?	<b>No</b> If yes, please give details: Click or tap here to enter text.

## Perth College UHI

<b><u>Data Protection</u></b> Does this activity/ proposal require a Data Protection Impact Assessment?	No  Click or tap here to enter text.
<b>Status</b> (e.g. confidential/non confidential)	Confidential
<b>Freedom of information</b> Can this paper be included in "open" business?	No

\* 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.

Further guidance on application of the exclusions from Freedom of Information legislation is available via:

<http://www.itspublicknowledge.info/ScottishPublicAuthorities/ScottishPublicAuthorities.asp>

and

[http://www.itspublicknowledge.info/web/FILES/Public\\_Interest\\_Test.pdf](http://www.itspublicknowledge.info/web/FILES/Public_Interest_Test.pdf)



# Procurement Strategy

2019-2021

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.

**Version Control History**

<b>Version Number</b>	<b>Date of Change</b>	<b>Summary of Revisions Made</b>
5	November 2017	Major revision
6	January 2020	Major revision

# Perth College Procurement Strategy 2019-2021

## 1. Purpose

### 1.1 Perth College UHI Vision, Mission and Values

In 2016, Perth College UHI set its five-year Strategic Plan (2016-2021) with a vision 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 through the following aims:

- 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 talented, confident and inspirational staff who contribute to and make a vital difference to the success of the students, the life of the College, the University and our communities.

The core values which underpin our vision, mission and aims are ambition, integrity and respect.

## 2. Scope

### 2.1 Introduction

This strategy succeeds the 2016-2019 Procurement Strategy. It defines and sets out to deliver the most effective procurement processes to support the aims of the College's Strategic Plan (2016-2021).

This strategy also aligns closely with the UHI Strategic Plan and the Scottish Funding Council's key strategic outcomes as detailed in the Highlands and Islands Regional Outcome Agreement.

This strategy has been designed to ensure legislative compliance with the EU Procurement Directives 2014, the Procurement Reform (Scotland) Act 2014, the General Data Protection Regulations 2018 and other relevant legislation. Due to political uncertainty the strategy also prepares us for the potential impacts of Brexit and how we mitigate the associated risks. It embeds and supports the Scottish Government's overarching strategic outcomes as outlined by Public Procurement in Scotland (PPS).

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These strategic outcomes include accelerating the pace of change and the delivery of benefits and embedding public policy strategic aims into our core business.

Best value procurement will:

- be transparent
- be driven by desired results
- create the most economically advantageous balance of quality and cost
- reduce the burden on administrative and monitoring resources
- lead to simplified or routine transaction.
- encourage open and fair competition
- follow all appropriate regulations and legislation.

The key elements of the legislation require the college to:

- maintain a public contract register on our external website
- meet the sustainable procurement duty
- ensure suppliers are correctly handling and storing data in GDPR regulations
- contracts mitigate risk from Cyber Essentials
- have the facility to provide an E-Invoicing functionality

On 1st May 2019 MPs declared a climate and environment emergency, in response the sector launched a Climate Commission for UK Higher and Further Education to catalyse action to create real impact and drive change to achieve the UK Government target of net zero emissions on all Green House Gas emissions by 2050 under the 2008 Climate Change Act.

The College Procurement function will be called upon to produce data, increasingly through interaction with supply chains, to support reporting requirements of the climate emergency. The College commit to supporting the Climate Commission agenda and the wider legislative Climate Change requirements.

The successful implementation of this strategy requires staff involved in the procurement of goods and services to work in partnership with the Perth College Procurement Team and collaboratively with partners across the wider education and public sector. By working in partnership, the implementation of this strategy will significantly contribute to the future sustainability of the College and enhance our students' learning experience through the reinvestment of resulting savings and efficiencies from our procurement activities.

## **2.2 Context**

The institutional spend of Perth College UHI on goods and services is circa £4.8m of which £3.6m per annum is influential spend. Perth College is committed to obtaining value for money in all its transactions, whilst also considering the institution's wider responsibilities in terms of legal, moral, social, economic and environmental impacts.

This strategy sets challenging but realistic goals for the development of our procurement activities over the next two years. The associated Action Plan, Appendix 1, covers this

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period. This Action Plan will be routinely monitored and updated annually within the lifecycle of this strategy thus maintaining the alignment of our procurement activity with our broader priorities.

This strategy recognises that our procurement practice is based on the Scottish Model of Procurement which sees procurement as an integral part of policy development and service delivery and is essentially about achieving the best balance of cost, quality and sustainability.

A key element of this strategy is reviewing our current process, policies and procedures to align with best practice and enabling our staff to deliver this through effective training and development.

### **2.3 Formation and Approval of the Strategy**

This Strategy has also been informed by the Scottish Procurement's statutory guidance under the Procurement Reform (Scotland) Act 2014 with the support of APUC, the procurement centre of expertise for all of Scotland's colleges and universities.

### **2.4 Procurement Policy**

Our Procurement Policy sets out the operational framework of how we conduct our procurement activity and is largely based on the Scottish Government's Procurement Journey. This facilitates our regulated procurements being conducted in a legally compliant manner and is consistent with the rest of the Scottish public sector.

## **3. Key Principles**

### **3.1 Strategic Procurement Objectives**

This strategy is aligned with the Procurement Reform (Scotland) Act 2014, which provides a national legislative framework for sustainable public procurement that supports Scotland's economic growth through improved procurement practice. The Act focuses on a small number of general duties on contracting authorities regarding their procurement activities and some specific measures aimed at promoting good, transparent and consistent practice in procurement processes.

The College's strategic procurement objectives as defined below pay regard to the five strategic areas defined by the Public Procurement Reform Board (PPRB): Sustainability, Access, Efficiency and Collaboration, Savings and Benefits and Capability which in turn have been aligned with Scottish Funding Council's strategic aims as further detailed in the Highlands and Islands Regional Outcome Agreement, namely:

- ensuring an efficient regional structure
- delivering high quality and efficient learning
- providing access to people from the widest range of backgrounds
- delivering the right learning in the right place

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- creating a developed workforce for the region and
- creating a sustainable institution.

These strategic procurement objectives are:

- a) We will ensure compliance with the general duties and specific measures of the Procurement Reform (Scotland) Act 2014.
- b) We will deliver value for money. Value for money as defined by the Scottish Model of Procurement is not just about cost and quality, but about the best balance of cost, quality and sustainability. We will seek to consistently apply this principle albeit the balance of cost, quality and sustainability will vary for a regulated procurement depending on the commodity, category and market. We will consider the whole-life cost of what is being procured and when applying the above principle of value for money, ensure that we do so in a clear, transparent and proportionate manner in line with the Treaty on the Functioning of the European Union of equal treatment, non-discrimination, transparency, proportionality and mutual recognition and in compliance with the general duties of the Act as well as the sustainable procurement duty.
- c) In compliance with the Procurement Reform Act we will give consideration to the environmental, social and economic issues relating to all regulated procurements and how benefits can be accrued, on a contract-by-contract basis by taking proportionate actions to involve SMEs, third sector bodies and supported businesses in our procurement activities and in so doing benefit not only the College but the wider region. To support compliance with the duty we will endeavour to make use of available tools and systems where relevant and proportionate to the scope of the procurement.
- d) We will consult and engage with those affected by our procurement activity in line with the good practice and principles of engagement as detailed in the National Standards for Community Engagement. During each procurement exercise we will consider the community affected by the resultant contract and ensure any affected organisations/persons are consulted for example, impact on service for students. Such consultation will always be on a scale and approach relevant to the procurement in question.
- e) We will analyse our third-party expenditure and consider appropriate and effective consultation that aligns individual procurement strategies with our own aims and objectives and in turn their contribution to the National Outcomes as detailed in our Regional Outcome Agreement.
- f) We will consider where appropriate the effective use of contract and supplier management to monitor and further improve the regulated procurement contract outcomes.

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g) We will conduct all our regulated procurements in compliance with the principles of the Treaty on the Functioning of the European Union; equal treatment, non-discrimination, transparency, proportionality and mutual recognition and will consider early engagement with the supply market where relevant prior to the publication of a contract notice. All regulated procurements will be posted on portals such as Public Contracts Scotland (PCS) and Public Contracts Scotland-Tender (PCS-T) and shall strive to ensure the appropriate use of separate lots with straightforward output based specifications and clear evaluation criteria to ensure the procurement is accessible to as many bidders as possible.

h) We will find practical ways to supply healthy, fresh, seasonal and sustainably grown food which represents value for money whilst improving the health, wellbeing and education of our teaching and learning communities, coupled with promoting the highest standards of animal welfare. We will work to put in place affordable contracts, which meet the nutritional requirements for food for all users of our catering services and will use available good practice and guidance such as "Catering for Change – Buying food sustainably in the public sector".

These strategic Procurement objectives are mapped to those of the Colleges strategic plan as follows:

**Aim 1: Inspire and empower our students, regardless of background, to recognise and achieve their potential.**

- We will support Perth College Students Association in Procurement related matters.
- Where students are impacted, we will involve them in the specification writing and the evaluation of tender submissions.

**Aim 2: Work in partnership to foster and drive positive change and growth in local, regional, national and international economies.**

- We will ensure fair and transparent opportunity for all suppliers including small and medium sized enterprises (SME's), third sector and voluntary organisations.
- We will support the government's directive to drive change through engagement with supported businesses, recognising the positive impact that these have in addressing stubborn inequalities.
- We will embed and promote the APUC Supply Chain Code of Conduct.
- We will ensure that we engage with our local supply chain through formal and informal engagement events to increase their knowledge of competitive tendering opportunities allowing the college to receive more competitive bids and deliver sustainable outputs.

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- We will support SMEs by ensuring contract documents are concise and proportionate to the contract value.
- We recognise the importance of paying suppliers promptly on completion of a service or delivery of goods. Late payment is particularly detrimental to SMEs, third sector bodies and supported businesses. We will comply with Late Payment legislation and will review on a contract by contract basis whether such obligations should be enforced throughout a contract supply chain.

**Aim 3: Provide dynamic learning and research experiences within a curriculum that meets economic and societal needs and aspirations**

- In addition to value for money, we will drive value added services and sustainable benefits throughout our contracts.
- We will encourage and seek opportunities to work with suppliers to provide innovative solutions and products through our contracts that will support dynamic learning, research opportunities and economic needs.

**Aim 4: Optimise the sustainable use of our systems, processes and resources to provide the best possible student experience and outcomes.**

- We will review our procurement policies and procedures to align with best practice.
- We will support the enhancement of the learning experience by providing advice and guidance to staff across the organisation in relation to the acquisition of goods and services.
- As an accredited Living Wage employer, we will make specific reference within tender documentation to the Scottish Government's Fair Work Practice guidelines and the requirements of the Modern Slavery Act 2015.
- We will embed sound ethical, social and environmental policies within the College's procurement function to comply with relevant Scottish, UK and EU legislation in performance of the sustainable procurement duty. We will ensure that sustainability criteria are considered as part of each tendering exercise and, where appropriate, evaluated and measured. We will use available tools such as the Flexible Framework and Life Cycle Impact Mapping to ensure that, where appropriate, all environmental, social and economic issues are considered as well as the benefits that can be delivered.
- We will ensure the college will meet the e-invoicing directive by April 2020 in line with EU and national legislative requirements. We will work with internal departments to put a solution in place that links to PECOS and provides a full electronic P2P Process.
- We will support the sourcing of goods that are fairly and ethically traded. Where directly relevant we will make use of appropriate standards and mutual recognition of labels in our procurements.

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- We will ensure effective risk management by creating, maintaining and communicating a procurement risk register that identifies procurement related risks such as financial, reputational, legislative and continuity of supply. High risk areas identified will be submitted to the strategic risk register. The risk register will address appropriate control measures to mitigate risk.
- We will work with our internal and external stakeholders to conduct due diligence checks to ensure that our supply chain is compliant with relevant legislation e.g. GDPR and/or Health and Safety. Where proportionate, we will also seek to assess the compliance of subcontractors.

#### **Aim 5: Developing staff to successfully deliver our vision.**

- Through initial induction and ongoing training, we will ensure that all staff who purchase goods and services are aware of the legislative requirements and the College's internal policies and procedures in respect of procurement.
- We will ensure procurement guidance, policies and procedures are up to date and readily available to all staff.
- We will raise awareness of the procurement and tendering process by carrying out procurement awareness training for staff.
- We will seek out professional development opportunities to enrich and enhance experience and capability of procurement staff through regular PRD's and completion of the competency framework.
- We will endeavour to embed the principles of effective contract management across the organisation, providing guidance and training where appropriate, focussing on high spend and high-risk areas.

These objectives are measured and supported in 3 ways; through the Procurement Action Plan within this Strategy (Appendix 1), through our involvement in the Scottish Government's Procurement and Commercial Improvement Programme (PCIP) and through the publication of an Annual Procurement Report (section 7).

### **3.2 Procurement Report**

In accordance with Procurement best practice we will create an Annual Procurement Report, and this will be submitted to the board annually in November to meet the internal sign off procedure.

This report will provide a commentary on the progress of this Strategy and its Action Plan and will contain as a minimum the following:

- A summary of the regulated procurements that have been completed during the year covered by the Report.
- A review of whether these procurements complied with this Strategy.

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- The extent that any regulated procurements did not comply, a statement of how we intend to ensure that future regulated procurements do comply.
- A summary of any community benefit requirements imposed as part of a regulated procurement that were fulfilled during the year of the Report including for example; apprenticeships completed, curriculum support activities, business support activities, support to communities and resource efficiencies achieved in terms of materials, waste or water.
- A summary of any steps taken to facilitate the involvement of supported businesses in regulated procurements during the year covered by the Report.
- A summary of the regulated procurements we expect to commence in the next 2 financial years.
- Such other information as the Scottish Ministers may by order specify and where applicable that demonstrate compliance with other legislation that places specific requirements on the College with respect to our procurement activities and the College will also consider including:
  - What we have learned from our consultation and engagement with stakeholders and those affected by its procurements, and what it is doing to respond to these views.
  - What we are doing to improve our performance and impact, drawing on relevant information – for example spend analysis – and what improvements have been achieved since our last report; and
  - How we are working with other bodies – for example procurement centres of expertise – to maximise effectiveness and efficiency.

We will seek to publish our annual procurement report in an inclusive way that considers equality and accessibility issues and allows stakeholders to form a clear view of the College's performance.

#### 4. Definitions

**Procurement Reform (Scotland) Act 2014** – Updated legislation which came into effect in April 2016 and has a significant impact on all our procurement processes.

**EU Treaty Principles** – These principles relate to equality of opportunity for all EU member states and are equal treatment, non-discrimination, transparency, proportionality and mutual recognition.

**Scottish Model of Procurement** – Looking at outcomes rather than outputs, the Scottish Model of Procurement uses the power of public spend to deliver genuine public value beyond simply cost and/or quality in purchasing, ensuring the best balance of cost, quality and sustainability.

**Public Contracts Scotland** – The web portal provided by the Scottish Government upon which all public contract opportunities are advertised.

**APUC – Advanced Procurement for Universities and Colleges**, the Centre of Excellence for the Scottish FE/HE sector.

**The Flexible Framework** – The Flexible Framework is a widely used self-assessment mechanism developed by the business-led Sustainable Procurement Task Force,

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which allows organisations to measure and monitor their progress on sustainable procurement over time.

**GDPR** – General Data Protection Regulations May 2018

**Life Cycle Impact Mapping** – A process which maps the impact of a product on the environment through the supply chain through to end of life disposal.

**Procurement Journey** – The Procurement Journey provides guidance and documentation for the Scottish public sector which can be updated on a continual basis with any changes in legislation, policy and facilitates best practice and consistency.

**Local Procurement Journey** – Perth College best practice procedure for the procurement of goods and services.

**Hunter Database** – Contract 2management database provided by APUC.

**Public Contracts Scotland** – A portal provided by the Scottish Government which provides suppliers with free easy access to all essential information on public sector business opportunities. All public sector bodies in Scotland are expected to use PCS.

**Public Contracts Scotland Tender** – National eSourcing system provided free of charge by the Scottish Government allowing buyers to communicate securely with suppliers throughout the whole procurement lifecycle.

**Quick Quote** – The facility on Public Contracts Scotland which allows buyers to ask for competitive quotes for low value/low risk procurement exercises from suppliers who are registered on Public Contracts Scotland.

**Small and Medium Sized Enterprises (SME's)** – Companies with less than 250 employees (Scottish Government Definition).

**Procurement and Commercial Improvement Programme (PCIP)** – Assessment and review of procurement and commercial performance carried out by APUC.

**Public Procurement Reform Board (PPRB)** – The Board formed following the McClelland report in 2006 to drive change within public sector procurement in Scotland, promoting collaborative working across a wide range of procurement activities and practice across all public sector procurement spend.

## 5. Responsibilities

- 5.1 The Senior Management Team and Board of Management have overall responsibility for the Strategy and for fostering a culture within the organisation in which legislative compliance is accepted as a minimum.
- 5.2 The Head of Finance has responsibility for implementing the Strategy, monitoring compliance and ensuring the Strategy is regularly reviewed and updated as appropriate.

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- 5.3 Perth College Procurement Team have the responsibility for the development, monitoring and updating of the associated Action Plan.
- 5.4 Perth College Procurement Team have responsibility for developing and maintaining a Procurement Risk Register in compliance with Risk Management Policy. The responsibility to control the risks of non-compliance resides at all levels of the organisation.
- 5.5 Perth College Procurement Team has responsibility for the development of the Annual Procurement Report.
- 5.6 The responsibility for consultation with stakeholders, training and providing support and guidance to ensure organisational and legislative compliance rests with the Head of Finance supported by the Perth College Procurement Team.
- 5.7 Quality approval check of the strategy is the responsibility of the Quality Manager who will arrange for the strategy to be posted on the website.

## 6. Linked Policies/Related Documents

Procurement Policy  
 Anti-bribery Policy  
 Contract Management Procedure  
 Fraud Prevention Policy and Response Plan  
 Health and Safety Policy  
 Strategic Plan 2016-2021  
 ICT Strategy  
 Sustainability Strategy

## 7. Relevant Legislation/Guidance

Procurement Reform (Scotland) Act 2014  
 Health and Safety at Work etc Act 1974  
 Modern Slavery Act 2015  
 Treaty on the Functioning of the European Union  
 EU Procurement Directive on Public Procurement  
 EU Procurement Directive on the Award of Concession Contracts  
 EU Procurement Directive on the Award of Contracts by Entities Operating in the Water, Energy, Transport and Postal Services Sectors  
 EU Procurement Directive for Electronic Invoicing in Public Procurement  
 Statutory Guidance on the Selection of Tenderers and Award of Contracts  
 Addressing Fair Work Practices, including the Living Wage  
 GDPR Regulations 2018

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## Appendix 1: Action Plan for August 19 to July 2020

### Aim 1: Inspire and empower our students, regardless of background to recognise and achieve their potential

Objective	Target/Outcome	Main Action	KPI	By Whom	By When	RAG
Where students are impacted, we will involve them in the specification writing and the evaluation process.	HISA representative to be involved in specification and evaluation of the Promotional Goods and Catering Contracts	<ul style="list-style-type: none"> <li>HISA reps identified and invited to participate in tender exercises</li> </ul>	<ul style="list-style-type: none"> <li>HISA reps have contributed to a minimum of 2 tender exercises</li> </ul>	<ul style="list-style-type: none"> <li>Procurement team</li> <li>Key Stakeholders</li> <li>HISA Reps</li> </ul>	July 2020	

### Aim 2: Working in partnership to foster and drive positive change and growth in local, regional, national and international economies.

Objective	Target/Outcome	Main Action	KPI	By Whom	By When	RAG
We will support the government's directive to drive change through engagement with supported businesses, recognising the positive impact that these have in	Perth College to award contracts to Supported Business	<ul style="list-style-type: none"> <li>Investigate and document opportunities where supported business can be engaged in contracts and award where appropriate</li> </ul>	<ul style="list-style-type: none"> <li>Min of 1 contract awarded to a Supported Business</li> </ul>	<ul style="list-style-type: none"> <li>Procurement Team</li> <li>Key Stakeholders</li> </ul>	July 2020	

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addressing stubborn inequalities.						
We will ensure that we engage with our local supply chain through formal and informal engagement events to increase their knowledge of competitive tendering opportunities allowing the college to receive more competitive bids and deliver sustainable outputs.	Increase the number of SME bids received by the college	<ul style="list-style-type: none"> <li>• Represent Perth College at an organised “Meet the buyer” event</li> </ul>	<ul style="list-style-type: none"> <li>• Attend a min of 1 Buyer Event</li> <li>• Supply Chain Code of Conduct included in all Regulated tender exercises</li> <li>• Provide a statistical report of all SME contracts</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement Team</li> <li>• Budget Holders</li> </ul>	July 2020	

### Aim 3: Provide a dynamic learning and research experiences within a curriculum that meets economic and societal needs and aspirations

Objective	Target/Outcome	Main Action	KPI	By Whom	By When	RAG
We will drive value added services in contracts to enhance the Student experience. In addition to value for money, we will drive value added services and sustainable	Deliver Added Value services to the college that enhances the Student Experience	<ul style="list-style-type: none"> <li>• Investigate and document where Added Value services can be offered in the contract</li> </ul>	<ul style="list-style-type: none"> <li>• Provide a Statistical annual report that demonstrates the delivery of added value opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement Team</li> </ul>	July 2020	

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benefits throughout our contracts.						
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**Aim 4: Optimise the sustainable use of our systems, processes and resources to provide the best possible student experience and outcomes.**

Objective	Target/Outcome	Main Action	KPI	By Whom	By When	RAG
We will review our procurement policies and procedures to align with best practice	Ensure all relevant staff are aware of the Procurement Regulations to reduce noncompliance within the college.	<ul style="list-style-type: none"> <li>Review, amend, agree and effectively communicate Procurement Policy</li> </ul>	<ul style="list-style-type: none"> <li>Amended Procurement Policy signed off and communicated.</li> </ul>	<ul style="list-style-type: none"> <li>Procurement Team</li> <li>Senior Management Team</li> <li>Perth College Board</li> </ul>	July 2020	
We will ensure effective risk management by creating, maintaining and communicating a procurement risk register that identifies procurement related risks such as financial, reputational, legislative and continuity of supply through Brexit issues	Mitigate risk to the college through analysis and monitoring of potential procurement related risks and having control measures in place.	<ul style="list-style-type: none"> <li>Risk Register completed and signed off by board and documented in College Policy Register</li> <li>New Terms and Conditions to be agreed, published and issued with contracts</li> </ul>	<ul style="list-style-type: none"> <li>Risk Register completed and signed off internally</li> <li>New Terms and Conditions to be agreed and signed off internally</li> </ul>	<ul style="list-style-type: none"> <li>Procurement Team with assistance from Centres of Expertise</li> <li>Data Protection Officer</li> </ul>	Feb 2020	

**Title:** Procurement Strategy 2019-2021

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**Lead Editor:** Procurement Manager

**Review Timing/Date:** 2 years/2021

		<ul style="list-style-type: none"> <li>• Work with Centres of expertise to analyse all framework agreements for Brexit Impacts (staffing, supplies shortages, increased risk of modern slavery, waste impacts, border blockages etc) and categorising them into low / medium / high risk &amp; impact</li> <li>• For each medium / high impact agreements, list the risks and against each the action required / being taken to further assess / mitigate the risk.</li> </ul>	<ul style="list-style-type: none"> <li>• A Brexit risk register to be created for Framework agreements</li> <li>• GDPR Register completed for all regulated</li> </ul>			
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		<ul style="list-style-type: none"> <li>• Work with internal Data Protection Officer to maintain a GDPR Vendor Register and address GDPR issues within the supply chain.</li> </ul>	<p>exercises where GDPR is relevant.</p> <ul style="list-style-type: none"> <li>• GDPR requirements considered and addressed for all exercises at contract strategy, within tender documentation and prior to award.</li> </ul>			
We will ensure that sustainability criteria are considered as part of each tendering exercise and, where appropriate, evaluated and measured.	The college to benefit from the delivery and transparency of sustainable outputs driven through tendering opportunities (BT14 benefits)	<ul style="list-style-type: none"> <li>• Sustainability benefits are considered, documented and delivered throughout the tender process and documentation</li> </ul>	<ul style="list-style-type: none"> <li>• Evidence that all regulated tender exercise includes a Fair Work Practices question between 5-10%</li> <li>• Evidence that all relevant regulated exercises have completed a sustainability test, and the outputs included in tender documents.</li> </ul>	Procurement Team	July 2020	

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We will support the enhancement of the learning experience by providing advice and guidance to staff across the organisation in relation to the acquisition of goods and services.	Reduce the Colleges Risk of Non-Compliance and increase value for money and sustainable outputs.	<ul style="list-style-type: none"> <li>• Create and maintain a 4 year spend analysis that identifies areas of non-compliance</li> <li>• Embed a Non-Competitive Action Process</li> <li>• Create and maintain a 2 year Forward Contracting Plan</li> </ul>	<ul style="list-style-type: none"> <li>• Non-Compliant report available and communicated to Key Stakeholders</li> <li>• NCA documentation in place and a report of usage to be published in the annual report</li> <li>• 2 year forward contracting plan to be published with annual report</li> </ul>	Procurement Team Key Stakeholders	July 2020	
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### Aim 5: Developing staff fully to deliver our vision

Objective	Target/Outcome	Main Action	KPI	By Whom	By When	RAG
Through initial induction and ongoing training, we will ensure that all staff who purchase goods and services are aware of the legislative requirements and the College's internal	<p>Staff to be aware about the legislative requirements pertaining to the procurement of goods and services.</p> <p>Provide the facility for procurement elearning for staff</p>	<ul style="list-style-type: none"> <li>• Deliver Procurement Training Workshops to Key Stakeholders and Requisitioners</li> <li>• Review and update current Procurement E-Learning module to</li> </ul>	<ul style="list-style-type: none"> <li>• 4 Training Workshops delivered per annum</li> <li>• 100% of all new employees to complete Procurement</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement Team</li> <li>• HR</li> </ul>	July 2020	

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<p>policies and procedures in respect of procurement, tendering and selection of suppliers and supported throughout the procurement process.</p>		<p>align with legislative changes</p> <ul style="list-style-type: none"> <li>• Current employees and new staff to complete Procurement E-Learning Module</li> </ul>	<p>Module as part of HR induction</p> <ul style="list-style-type: none"> <li>• 90% of staff to have completed Procurement E-Learning Module</li> </ul>			
<p>We will endeavour to embed the principles of effective contract management across the organisation, providing guidance and training where appropriate, focussing on high spend and high-risk areas.</p>	<p>Through effective Contract Management we will maximise operational and financial performance while reducing risk.</p>	<ul style="list-style-type: none"> <li>• Contract Management Process created and embedded</li> <li>• Key Contracts identified</li> <li>• Work with key stakeholders to deliver a consistent contract management process</li> </ul>	<ul style="list-style-type: none"> <li>• All regulated contracts assessed and assigned a contract management level</li> <li>• For all Strategic Level Contracts, a 6-month report is submitted to the Finance Director</li> <li>• Medium and Strategic contracts to have minutes documented and filed</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement Team</li> <li>• Key Stakeholders</li> </ul>	<p>July 2020</p>	

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# Equality Impact Assessment Form



Department/Section: .Procurement Date of Assessment: 28/02/2020 Review Due: 01/07/2021

Author/Owner: Amanda Mackenzie Signature: Date: 28/02/2020

## Step 1

Aim of proposed activity/decision/new or revised policy or procedure: Procurement Strategy- Outline of the procurement strategic objectives over the period 2019-2021	New	<input type="checkbox"/>
	Revised	<input checked="" type="checkbox"/>
	Existing	<input type="checkbox"/>

Who will be affected? Staff and External Stakeholders	Who will be consulted? Procurement staff and Finance Manager and external stakeholders	Evidence available: Adherence to Fair Work Practices is addressed within strategic objectives which will ensure our supply chain promotes equal opportunities for external staff.
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## Step 2

Potential Positive/Negative/Neutral Impact Identified. P, N, N/I	Age	Disability	Gender Reassignment	Marriage/Civil Partnership*	Pregnancy and Maternity	Race	Religion or Belief	Sex	Sexual Orientation
Eliminating Discrimination.	P	P	P	P	P	P	P	P	P
Advancing Equality of Opportunity.	P	P	P	P	P	P	P	P	P
Promoting Good Relations.	P	P	P	P	P	P	P	P	P

## Step 3 Action to be taken

Reporting in Procurement Annual report of Fair Work Practices delivered within Perth College regulated contracts

## Summary of EIA Outcome – please tick

No further action to be carried out.	<input type="checkbox"/>
Amendments or changes to be made.	<input type="checkbox"/>
Proceed with awareness of adverse impact.	<input type="checkbox"/>
Abandon process – Stop and Rethink.	<input type="checkbox"/>



## Perth College UHI

Paper No.17

<b>Committee</b>	Board of Management
<b>Subject</b>	Procurement Policy
<b>Date of Committee meeting</b>	04/03/2020
<b>Author</b>	Charyleen Emslie, Procurement Manager
<b>Date paper prepared</b>	09/03/2020
<b>Executive summary of the paper</b>	<p>The following paper details the Perth College Procurement Policy.</p> <p>The Procurement Policy has been updated with the key changes being updated Internal Governance thresholds to align with the current procurement thresholds and additional guidance for internal stakeholders regarding the procurement process.</p>
<b>Consultation</b> How has consultation with partners been carried out?	Policy has been passed by F&GP Committee, March 2020, with formatting corrections
<b>Action requested</b>	<input type="checkbox"/> For information only <input type="checkbox"/> For discussion <input type="checkbox"/> For recommendation <input checked="" type="checkbox"/> For approval
<b>Resource implications</b> (If yes, please provide details)	<b>No</b>

## Perth College UHI

<b>Risk implications</b> (If yes, please provide details)	<b>No</b> Click or tap here to enter text.
<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>	This Procurement Policy supports the compliance to legislative regulations such as Procurement Reform Act 2014 and GDPR 2018.  The Policy also supports procurement risk management and effective contract management processes to mitigate risk to the college and maximise cash and non cash efficiencies.
<u><b>Equality and diversity</b></u> Yes/ No If yes, please give details:	<b>No</b>
<u><b>Data Protection</b></u> Does this activity/ proposal require a Data Protection Impact Assessment?	<b>No</b>  Click or tap here to enter text.
<b>Status</b> (e.g. confidential/non confidential)	Confidential
<b>Freedom of information</b> Can this paper be included in “open” business?	<b>No</b>

## Perth College UHI

\* 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.

Further guidance on application of the exclusions from Freedom of Information legislation is available via:

<http://www.itspublicknowledge.info/ScottishPublicAuthorities/ScottishPublicAuthorities.asp>

and

[http://www.itspublicknowledge.info/web/FILES/Public\\_Interest\\_Test.pdf](http://www.itspublicknowledge.info/web/FILES/Public_Interest_Test.pdf)



# Procurement Policy

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**Title:** Procurement Policy  
**Version/Status:** 8  
**Approved By/Date:** F&GP/5 March 2020  
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**Owner:** Vice Principal  
**Lead Author:** Director of Finance  
**Lead Editor:** Procurement Manager  
**Review Timing/Date:** 1 year/ 2020/2021

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.



### Version Control History

Version Number	Date of Change	Summary of Revisions Made
.0		
.1		

### Contents

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## 1. Purpose

### 1.1 The key deliverables of this Procurement Policy are to:

- Comply with all legislative obligations in relation to procurement,
- Achieve value for money,
- Promote and deliver sustainable outputs through appropriate procurement strategies,
- Maintain the highest ethical standards throughout our procurement activities,
- Act in a fair, open and transparent manner when dealing with our supply chain,
- Collaborate with public sector bodies to deliver cash and non cash efficiencies.

## 2. Scope

### 2.1 The Policy covers Procurement activity at all the college function and locations.

### 2.2 This Procurement Policy applies to all purchases of Goods, Services or Works made by/on behalf of Perth College UHI. The Policy must be adhered to by all College employees with any aspect of purchasing responsibility regardless of their role.

### 2.3 The Policy should be read in conjunction with the following related College Policies/Procedures/Regulations:

- Perth College UHI Procurement Strategy 2019-21
- Perth College UHI Financial Regulations
- Gifts and Hospitality Policy
- Anti-Fraud and Anti-Corruption Policy
- Procurement Sustainability Strategy
- Scottish Funding Council Financial Memorandum/Outcome Agreement

### 2.4 Perth College UHI must comply with its legal obligations under the following legislation:

- EU Procurement Directives 2014
- Procurement Reform (Scotland) Act 2014
- Procurement (Scotland) Regulations 2016

Further information can be found on the following links.

<http://www.legislation.gov.uk/asp/2014/12/contents>

<http://www.ojec.com/Thresholds>

### 2.4.1 Regarding the purchasing of Goods and Services the following thresholds and Governance rules must be adhered to. When calculating the contract value, for a one-off purchase, the total cost of the good(s) or service will provide the contract

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value. If the purchase is a recurring spend, you will calculate the anticipated value over a four year period to establish the total contract value.

- Route 1 <£2,000 – budget holder has discretion but must deliver value for money for the college and can use local or national or local contract in first instance. Quotes must be obtained and noted against the Purchase Order in PECOS.
- Route 2 £2,000 - £49,999 – for goods and services between this value the procurer is required to obtain a minimum number of three quotations, and these must be attached to the order in PECOS.  
Any exercise over £25k must be referred to Perth College UHI procurement Team and published via the preferred Public Contracts Scotland 'Quick Quote' facility.
- Route 3 >=£50,000, but less than the OJEU thresholds (£189,330). For Goods and Services, the procurer must refer the request to the Procurement Team, who will undertake a formal tendering process and advertise the tender on the national advertising website Public Contracts Scotland and follow the Scottish Government Procurement Journey.
- Route 4 >OJEU Thresholds (£189,330). For Goods, Services and Works projects, the procurer must refer the request to Perth College UHI Procurement Team, who will undertake a full formal tendering process and advertise the contract in adherence to the relevant legislation.

In all cases figures are ex VAT.

Regarding the purchasing of Works the following thresholds and Governance rules must be adhered to.

- Route 1 £0 - £2m – for Works between this value the procurer is required to obtain a minimum number of three quotations, and these must be attached to the order in PECOS.
- Route 2 >£2m - £4.5m for Works, the procurer must refer the request to the Procurement Team, who will undertake a formal tendering process and advertise the tender on the national advertising website Public Contracts Scotland and follow the Scottish Government Procurement Journey.
- Route 3 >OJEU Thresholds (£4.5m). For Works projects, the procurer must refer the request to Perth College UHI Procurement Team, who will undertake a full formal tendering process and advertise the contract in adherence to the relevant legislation.

2.4.2 For any Works contract valued over £4m. There is an obligation to consider whether Community Benefit Clauses (CBCs) can be included.  
CBCs are clauses that build a range of economic, social or environmental conditions into the delivery of public contracts.

2.5 Where a contract or Framework is in place, this must be used in the first instance for all purchases of goods and services. All Perth College UHI local contracts can

be found at <http://www.apuc-scot.ac.uk/#!/institution?inst=52> and all Frameworks can be found at <http://apuc-scot.ac.uk/#&contracting>  
Perth College UHI Procurement Team can provide support and guidance.

- 2.6 Where there is no suitable Framework or contract in place, the Internal Governance Rules will dictate the procurement route required. To assist with this a Procurement Step by Step Guidance document is available (Appendix 1).
- 2.7 In accordance with the Financial Memorandum/Outcome agreement, the College must seek advance approval from The Scottish Funding Council, for any proposal to award a contract over £25,000 without competition. In accordance with the Financial Memorandum/Outcome agreement, the College must seek advance approval from The Scottish Funding Council, for any proposal to award an external consultancy contract with a value of £100,000 aggregated over a 4 year period.
- 2.8 All purchases that exceed £25,000 must be referred to Perth College UHI Procurement Team. For all exercises over £25,000 the college will use an E-Procurement system.
- 2.9 PECOS must be used for processing all purchase orders with suppliers who have been approved by the Procurement Team, unless approval has been provided by Head of Finance. Further information on PECOS is available on the user guide. <http://www.perthnet.uhi.ac.uk/howdoi/pecos/Pages/default.aspx>
- 2.10 All purchases/contracts entered by the College which are not made through an authorised Framework Agreement must only be entered into under the College's terms and conditions, unless otherwise agreed by the Procurement Team. A copy of these terms and conditions can be obtained from the Procurement Team.
- 2.11 All purchases/contracts entered using an authorised Framework Agreement must only be entered into under the Framework Agreement terms and conditions as set out by the relevant purchasing consortia, which the suppliers have agreed to. Please speak to the Procurement Team for further information.
- 2.12 When the College uses a buying consortium to undertake competitive tendering the consortia will ensure that the proper regulations are followed.
- 2.13 There can be occasions where it may be necessary to award a contract for goods, services or works without conducting competitive tendering, this procedure is referred to as Non-Competitive Action (NCA). This must be applied in **exceptional** circumstances in accordance with the exemptions outlined in the procedure documentation. All evidence in support of NCA must stand up to scrutiny and must be recorded for Audit purposes.
- Please refer to the NCA procedure for further information.
- 2.14 For projects receiving external funding, stakeholders must ensure these are communicated and included within tender documentation.

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- 2.15 All tender documentation must be retained and concisely filed for audit purposes.
- 2.16 Where required staff must adhere to all audit requests

### 3. Responsibilities

- 3.1 This policy has been approved by the College's Senior Management Team.
- 3.2 The Head of Finance is accountable for the implementation and development of this policy and its associated procedures.
- 3.3 The Procurement Team is responsible for the effective operation of this policy and will ensure that appropriate Procedures are in place and embedded.
- 3.4 The Procurement Team is responsible for managing the College's procurement activity and driving compliance with all legislative requirements and best practice matters.
- 3.5 The Sector Managers/Heads of Department are responsible for ensuring that all purchasing activity within their Department is carried out in line with this policy.
- 3.6 All Perth College UHI employees with any aspect of purchasing/procurement responsibility in their job role must adhere to the policy.
- 3.7 Any breach of this Procurement Policy shall be investigated. Failure by any employee to comply with this policy may give rise to disciplinary procedures.

### 4. Key Principles

#### 4.1 Legislative Compliance

The College will ensure that it complies with the following procurement legislation:

- EU Procurement Directives (as set out in the Public Contracts (Scotland) Regulations 2015),
- Procurement Reform (Scotland) Act 2014,
- Procurement (Scotland) Regulations 2016

In addition, the Procurement Team will ensure compliance with all relevant legislation on a contract by contract basis, including but not limited to:

- Equalities Act 2010
- Bribery Act 2010
- Freedom of Information (Scotland) Act 2002
- Health and Safety at Work Act 1974
- General Data Protection Regulation (GDPR)

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- Criminal Finances Act 2017
- Modern Slavery Act 2015
- Fair Work Practices 2017

#### 4.2 Value for Money

A fundamental principle of the Procurement Policy is to ensure the achievement of Value for Money in a legally compliant manner.

Value for Money is the balance between quality and cost and will vary for every purchase depending on the requirements of the College. Perth College UHI will award all contracts on a Most Economically Advantageous (MEAT) basis.

The two main aspects that impact on the achievement of Value for Money:

- Product/Service specification – appropriate quality and quantity
- Source of supply – right time, right place, right price

Where you are involved in the purchase of goods, services or works, it is important to consider the following criteria as part of the specification:

- Purpose/performance of goods/services
- Technical Specification
- Life span of product
- Installation/Maintenance requirements
- Sustainability considerations

The College through formal Contract and Supplier Management (C&SM) will ensure value for money is delivered through the life of our contracts.

The C&SM approach is on a contract-by-contract basis based on commodity risk and contract value. The outcome will determine whether a contract should be managed on a strategic, managed or routine basis.

Strategic and Managed contracts will have set Key Performance Indicators set at contract award and supplier performance will be measured against the agreed criteria.

The College Procurement team will facilitate contract C&SM reviews.

College stakeholders must provide supplier performance feedback when requested, this could be captured via surveys, email or verbal feedback.

#### 4.3 Sustainable Procurement

The College recognises that procurement can play an important role in improving our economic, social and environmental performance as an organisation through a sustainable approach to the procurement of goods, services and works.

Additionally, public sector buyers in Scotland must engage with SMEs, third sector bodies and supported businesses to meet the **sustainable procurement duty**. Outlined in Procurement Reform (Scotland) Act 2014, the duty aligns with the Scottish Governments

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purpose to create a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth.

In recognition of the importance placed on sustainable procurement by the College and the Scottish Government, the College has developed a Sustainable Procurement Policy. This recognises some of the key measures and tools the Procurement Team use in order to improve the sustainability outcomes from our procurement activity, including:

- Compliance with the Sustainable Procurement Duty
- Completion of the Sustainability Test for relevant procurements to assess any possible social, economic or environmental impacts from a procurement exercise in order to maximise opportunities for improvement in the wellbeing of the local community

In May 2019, the Scottish Government declared a climate emergency. In response, the universities and colleges sector have formed the Climate Commission. The Procurement Team will support the outcomes of the commission throughout its procurement activities.

#### 4.4 Ethical Standards

Perth College UHI Procurement Team will be up to date with all Procurement Legislation and will utilise APUC and the support, guidance and training offered.

The College will ensure that all employees involved in the procurement process are given advice, support and guidance from the Procurement team and this can include access to all Procurement Policies and Procedures or through online and offline training.

In order to maintain the highest ethical standards across the College, all employees involved in the procurement process shall be required to:

- Comply with the College's Anti-Fraud and Anti-Corruption policies
- Comply with the College's Gifts and Hospitality policy

Where a potential conflict of interest arises between a College employee and a potential supplier of Goods, Services or Works, the employee must declare such conflict at the earliest possible opportunity (and before the award of any business to the supplier) by completing a Conflict of Interest Procedure.

If an employee is in doubt as to a potential Conflict of Interest, they should speak to the Procurement Team in the first instance.

#### 4.5 Fair and Equal Treatment

A core principle of public procurement regulation, under the Treaty on the Functioning of the European Union (TFEU), is to ensure that all suppliers are treated in an open, fair, equal and transparent manner. This principle is carried through into this Policy and associated Procurement Procedures to ensure that all suppliers have a fair and equal opportunity to secure contracts with Perth College UHI. For any regulated contracts, the College's supply chain the Code of Conduct must be issued as part of the tender documentation.

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The College has a statutory duty, as defined by the Equalities Act 2010, to advance equality of opportunity in all its functions, including procurement. The College remains responsible for meeting its obligations under the various statutes even when an external contractor provides one or more of the College's functions. Members of staff involved in procurement will take account of the following objectives when placing business with any supplier/contractor:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct that is prohibited by the Equality Act 2010
- Advance equality of opportunity between people who share a relevant protected characteristic and those who do not
- Ensure that the goods, works and services provided are done so in a way that provide for the needs of all users

#### 4.6 Collaborative Procurement

The College will seek to maximise opportunities to collaborate in the procurement of goods, services or works where it can be demonstrated that such collaboration delivers the best overall Value for Money solution to meet the College's needs.

Collaboration opportunities can include:

- Use of Framework Agreements
- Working collaboratively with UHI Partnership
- Working collaboratively with other external public bodies
- Working across College departments

The benefits of collaborating include:

- Economies of scale – more competitive pricing as a result of the greater purchasing power achieved through collaboration
- Resource Efficiency – procuring legally compliant contracts can be time consuming and resource intensive both for the Procurement Team and the requisitioning department, which is a hidden cost often not considered.  
Utilising Framework Agreements can reduce time and associated cost for everyone involved.
- Commonality and Standardisation of products and services – this provides a College wide standard for the products and services being purchased, as well as the re-assurance that all departments are paying the same prices for the same goods and services.
- Operational Efficiency – by everyone working together in the same way and using the same suppliers and buying the same products/services it reduces duplication of time and effort, thereby creating efficiency benefits.
- Contract Management - if we are all using the same supplier then it is easier to monitor supplier performance, identify common issues and feedback to suppliers.
- Cross functional learning – by working together it helps to identify different ways of working and requirements within different departments which can all be used to identify College wide improvements to processes and ways of working.

In addition to using a Framework Agreement, the following benefits can also be achieved:

- Compliance with procurement legislation – compliance has already been met when the Framework Agreement was procured by the Centre of Expertise (i.e. APUC), therefore reducing the burden on the College.
- Supplier vetting – suppliers on these Framework Agreements have demonstrated compliance in terms of financial health, insurances, corporate and social responsibility, Health and Safety, Quality Management, Equalities, Sustainability
- Supplier performance – such Framework Agreements include well defined terms and conditions, as well as contract and supplier management processes to support the College in the event of poor supplier performance

## **5. Review of Procurement Policy**

5.1. This Policy will be reviewed on an annual basis, as a minimum, by the Head of Finance in conjunction with the Procurement Manager.

5.2. Any amendments required to the Policy will be presented to the SMT/Board of Management for approval.

## **6. Linked Policies/Related Documents**

- Procurement Strategy
- Procurement Procedures
- Non-Competitive Actions
- Supply Chain Code of Contact
- Hospitality Register
- Conflict of Interest
- Sustainability Policy
- Scottish Government Procurement Journey
- Perth College UHI's Terms and Conditions
- Perth College UHI Financial Regulations

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**Title:** Procurement Policy  
**Version/Status:** 8  
**Approved By/Date:** F&GP/5 March 2020  
**Effective Publication Date:** March 2020

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**Owner:** Vice Principal  
**Lead Author:** Director of Finance  
**Lead Editor:** Procurement Manager  
**Review Timing/Date:** 1 year/ 2020/2021

# Equality Impact Assessment Form



Department/Section: .Procurement Date of Assessment: 28/02/2020 Review Due:

Author/Owner: Amanda Mackenzie Signature: Date: 28/02/2020

## Step 1

Aim of proposed activity/decision/new or revised policy or procedure: Procurement Strategy- Outline of the procurement strategic objectives over the period 2019-2021	New	<input type="checkbox"/>
	Revised	<input checked="" type="checkbox"/>
	Existing	<input type="checkbox"/>

Who will be affected? Staff and External Stakeholders	Who will be consulted? Procurement staff and Finance Manager and external stakeholders	Evidence available: Adherence to Fair Work Practices is addressed within strategic objectives which will ensure our supply chain promotes equal opportunities for external staff. Adherence to the Equality Act 2010
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## Step 2

Potential Positive/Negative/Neutral Impact Identified. P, N, N/I	Age	Disability	Gender Reassignment	Marriage/Civil Partnership*	Pregnancy and Maternity	Race	Religion or Belief	Sex	Sexual Orientation
Eliminating Discrimination.	P	P	P	P	P	P	P	P	P
Advancing Equality of Opportunity.	P	P	P	P	P	P	P	P	P
Promoting Good Relations.	P	P	P	P	P	P	P	P	P

Summary of EIA Outcome – please tick	
No further action to be carried out.	<input type="checkbox"/>
Amendments or changes to be made.	<input type="checkbox"/>
Proceed with awareness of adverse impact.	<input type="checkbox"/>

**Step 3** Action to be taken  
Reporting in Procurement Annual report of Fair Work Practices  
delivered within Perth College regulated contracts

Abandon process – Stop and Rethink.

☐

# Air Service Training - Board of Directors Meeting

## DRAFT Minutes

**Meeting reference:** AST 2019-20/02

**Date and time:** Thursday 09 January 2020 at 5.30pm

**Location:** Room 019

**Members present:** Charlie Shentall, Board Member (Chair)  
Craig Ritchie, Board Member  
Sharon Hammell, Board Member (by video conference, from Item 7)  
Margaret Cook, Principal, Perth College UHI  
Mark Taylor, AST General Manager

**In attendance:** Veronica Lynch, Vice Principal (External)  
Graham Little, Interim Head of Finance  
Andrew Budge, AST  
Robert Sutherland, AST  
Ian McCartney, Clerk to the Board of Management

**Apologies:** None

**Chair:** Charlie Shentall

**Minute Taker:** Ian McCartney

**Quorum:** 3

Summary of Action Items			
Ref	Action	Responsibility	Time Line
5.1	<b>Matters Arising from meeting of 23 May</b> Finalise pricing/costing model and develop processes/procedures	GM/Interim Head of Finance	Next meeting
6	<b>Management Accounts to November 2019</b> Reduce Gift Aid payment, possible Chair's Action required	GM/Chair	Next meeting
7	<b>Cash Flow &amp; Dashboard</b> Cash and bank reconciliation to be provided	GM	Next meeting
7	<b>Cash Flow &amp; Dashboard</b> Show income as month due rather than month billed	Interim Head of Finance	Next meeting
12	<b>Company Secretary</b> Clarify separation of roles between GM, Company Secretary and Head of Finance	GM/Clerk	Next meeting



**Minutes:**

Item		Action
1.	<b>Welcome and Apologies</b>  The Chair welcomed everyone to the meeting and introduced new attendees.  Sharon Hammell was available for the meeting but was unable to connect due to poor Video Conference link.	
2.	<b>Additions to the Agenda</b>  There were no additions to the agenda.	
3.	<b>Declaration of Interest in any Agenda Item</b>  There were no declarations of a conflict of interest.	
4.	<b>Minutes of Meeting held on 20 November 2019</b>  The minutes were approved as an accurate record.	
5.	<b>Matters Arising from Previous Minutes</b>  <u>5.1 Matters Arising from Meeting 23 May 2019</u>  <b>Action 1:</b> Introduce cover sheet template  <b>Action Update:</b> Completed  <b>Action 2:</b> Finalise pricing/costing model and develop processes/procedures  <b>Action Update:</b> Aiming to produce dashboard for 2 <sup>nd</sup> week of each month, with a focus on accounts, but reliant on receiving timely information from Finance  <u>5.2 Matters Arising from Meeting 25 June</u>  <b>Action:</b> Locate Deed of Covenant  <b>Action Update:</b> Completed  <u>6 Cash Flow Position</u>  <b>Action:</b> Confirm whether Libya income included in Cash Flow	AST GM/ Interim Head of Finance

	<p><b>Action Update:</b> Included in Cash Flow per Paper 3</p> <p><u>8 General Manager Report</u></p> <p><b>Action:</b> AST GM to clarify insurance position re radioactivity levels in engines</p> <p>Action Update: PC Property Secretary aware of issue. Informal meeting to be held 4<sup>th</sup> February with Consultants to determine. Report back to next meeting.</p>	
6.	<p><b>Management Accounts to November 2019</b></p> <p>Interim Head of Finance presented Paper 2, which summarised most recent financial position, noting that Income was £17.5k ahead of budget due largely to reduced tuition fee costs.</p> <p>Interim Head of Finance advised that the budget phasing created some issues due to some differentiation between 4- and 5-week periods.</p> <p>AST GM noted that Balance Sheet shows a £193k surplus, however the External Audit is still to be completed to show the final figure.</p> <p>AST GM proposed lowering the Gift Aid payment amount to assist cash flow position, backed up with Chair's Action if required for any anomalies. This approach was <b>AGREED</b>.</p>	Chair/ AST GM
7.	<p><b>Cash Flow Position &amp; Dashboard</b></p> <p>AST GM summarised Paper 3, noting headline cash and cash equivalents and highlighting issue of differences between bank statements due to timing issues. A reconciliation will be provided in this regard from the next meeting.</p> <p>AST GM summarised Dashboard as tabled at meeting, noting that future Dashboard will be circulate between meetings on a monthly basis.</p> <p>Following a query from the Vice Principal re invoices, Committee <b>AGREED</b> that it would be preferential to capture month due rather than month billed to allow a truer picture.</p>	AST GM   Interim Head of Finance
8.	<p><b>Debtors Analysis &amp; Processes</b></p> <p>AST GM noted that no Paper was available for this item due to issues within Finance, so detailed analysis would eb brought forward to next meeting.</p>	



9.	<p><b>AST General Manager's Report</b></p> <p>AST GM presented Paper 5, highlighting that new instructors had started and been inducted, and the office restructure, including moves, had been completed.</p> <p>AST further noted that Leonardo intake looked promising, and consistency of quality of transfers from Cobham had been worked on with improved results.</p> <p>AST GM informed Board that some poor performances had necessitated a course restructure, with the 89-week programme now amended to 4 x 6-month programmes with an opportunity for relegation or course exclusion for poor performers. New structure also allows for modules to be invoiced separately, which will assist with cash flow, whilst not affecting income for students relegated to lower levels. Board commended AST GM and team in attaining this realignment.</p> <p>AST GM reported that a Memorandum of Understanding had been agreed with Cobham for future co-operation and referral of potential clients.</p> <p>Updates were provided on the Sales &amp; Business Development and Training elements of the Report, the latter prompting a discussion on feedback from students independent of instructors.</p> <p>AST General Manager advised the Board that the BSc course may need a major redesign, and a critical review on this matter had commenced in September with a view to stretching course. Progress will be reported to future meetings.</p> <p>Information was also supplied for scrutiny by the Board regarding Examination Performance Summary, Approvals and Business Improvement and the AST Risk Register.</p>	
10.	<p><b>Business Plan 2019/20 Update</b></p> <p>AST GM provide a verbal update on the current Business Plan, noting that company was ahead of income targets, and that the decision to present at conferences had proved to be worthwhile.</p>	
11.	<p><b>Tay Cities Deal/Aviation Academy for Scotland</b></p> <p>Vice Principal provided a verbal update noting that the outline Business Case presented in November had been developed into a Full Business Case, with external consultants being tendered for this week. First submission is due to be submitted late February/early March, although full deal sign-off may be postponed due to delay in UK Budget being</p>	

	<p>presented.</p> <p>Vice Principal informed Board that a TCD/AAS Project Board meeting was scheduled for 15<sup>th</sup> January, with AST Chair to attend.</p> <p>Vice Principal advised Board that there was a need to de-risk the financial element of the TCD/AAS build. This will be helped by UHI support in provision of professional fees, which was informally confirmed this week, pending formal approval.</p> <p>Vice Principal noted that discussions were ongoing with Perth &amp; Kinross Council, however there was a need to determine scope for overdraft facilities or repayable grants in this regard.</p> <p>Vice Principal noted that a pre-planning application had already been submitted but a full planning application would be required, and re-zoning likely.</p>	
<b>12.</b>	<p><b>Company Secretary</b></p> <p>Board were advised that Clerk to the Board of Management was to take on the role of Company Secretary for AST. Some clarity was required to ensure separation between this role, the role of Head of Finance, and AST GM. AST GM and Clerk to clarify this matter at next meeting</p>	AST GM/Clerk
<b>13.</b>	<p><b>AOB</b></p> <p>There was no other business presented.</p>	
<b>14.</b>	<p><b>Date &amp; Time of Next Meeting</b></p> <ul style="list-style-type: none"> <li>• 23 March 2020 at 5:30pm</li> </ul>	
<b>15.</b>	<p><b>Review of Meeting</b></p> <p>Board agreed that meeting had covered its Terms of Reference</p>	

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

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

**Status of Minutes:**      **Open** ☐      **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** ☐

# Engagement Committee

## DRAFT Minutes

**Meeting reference:** Engagement 2019-20/02

**Date and time:** Thursday 30 January 2020 at 5.30pm

**Location:** Room 019

**Members present:** Sharon Hammell, Board Member (Chair, by Video Conference)  
Debbie Hutchison, Board Member  
David Littlejohn, Board Member  
Lynn Oswald, Board Member  
John Dare, Board Member (Staff)  
Margaret Cook, Principal

**In attendance:** Lorenz Cairns, Depute Principal (Academic)  
Catherine Etri, Associate Principal (Curriculum)  
Veronica Lynch, Vice Principal (External)  
Katy Lees, Head of HR & Organisational Development  
Ian McCartney, Clerk to the Board of Management

**Apologies:** Amy Studders, President HISA Perth  
Michaela Asisten, VP Education & Engagement HISA Perth

**Chair:** Sharon Hammell

**Minute Taker:** Ian McCartney

**Quorum:** 3

Summary of Action Items			
Ref	Action	Responsibility	Time Line
7.1	<b>Balanced Scorecard</b> Clerk to consider feedback for future development of Balanced Scorecard	Clerk	ASAP
10.1	<b>Review of Risk Register</b> Consideration should be given to splitting Risk 3 into 2 areas – domestic and international	Clerk	Next Board meeting

**Minutes:**

Item		Action
1.	<b>Welcome and Apologies</b>  The Chair welcomed everyone to the meeting. Apologies were noted.  Chair advised Committee that should there be issues with the VC link, Debbie Hutchison (Vice Chair) would deputise.  Chair noted that later papers had again been received and reminded members to ensure that papers were submitted on time.	
2.	<b>Additions to the Agenda</b>  There were no additions to the agenda.	
3.	<b>Declaration of Interest in any Agenda Item</b>  There were no declarations of a conflict of interest.	
4.	<b>Minutes of Meeting held on 29 August 2019</b>  Subject to correction of minor typographical errors on page 2, the minutes were approved as a correct record.	
5.	<b>Matters Arising from Previous Minutes</b>	
	<u>6.2 Student Partnership Agreement</u>  <b>Action:</b> Clerk to liaise with Principal, HISA Perth and Marketing to arrange for official signing of Agreement  <b>Action Update:</b> Completed  <u>8.3 International Strategy</u>  <b>Action 1:</b> Further clarity required on income and surplus levels  <b>Action Update:</b> Completed. Updated Strategy to be tabled at future Board meeting  <b>Action 2:</b> Publish final paper following redaction of Appendix 3  <b>Action Update:</b> Full approval process not yet complete.	

<b>6</b>	<b>Student Engagement</b>	
<b>*6.1</b>	<b>HISA Perth Update</b>  Committee received Paper 2, however as no HISA Perth representatives were present, no scrutiny was possible. Notes were made on issues to be raised on this paper at to next meeting.	
<b>*6.2</b>	<b>HISA Perth Plan of Work</b>  Committee received Paper 3, however as no HISA Perth representatives were present, no scrutiny was possible. Notes were made on issues to be raised on this paper at to next meeting.	
<b>7</b>	<b>Performance Monitoring</b>	
<b>7.1</b>	<b>Balanced Scorecard</b>  Clerk presented Paper 4, which detailed progress against Measures 1 and 13.  Board Member highlighted difference in quality between narratives. Principal advised that Balanced Scorecard was meant to be about impact, not numbers. Associate Principal noted that information is available, measurements are there, but a way needs to be found to feed this into process.  Clerk to consider feedback for future development of Balanced Scorecard	Clerk
<b>7.2</b>	<b>Student Surveys – Induction Early Experience Survey</b>  Depute Principal introduced Paper 5, which provided results and analysis of the Induction Early Experience Survey conducted in October 2019, and highlighted the key points.  Depute Principal noted awareness of reduced response rates (which was deemed partly to be caused by the migration to an online feedback system) and that actions were in place to promote earlier applications for funding as this would go some way to alleviating some of the issues around students' early experiences at College.  Board Member noted that lecturers historically handed surveys out during classes, and queried how best to promote the Survey using less personalised online methods.	

<b>8</b>	<b>External Engagement</b>	
<b>8.1</b>	<p><b>External Engagement Update</b></p> <p>Vice Principal presented Paper 6, noting in particular continuing work on marketing and UHI joint recruitment</p> <p>Vice Principal outlined potential effects of coronavirus on International Development work, in particular increased risks regarding post-study work visa opportunities that had recently been presented, and staff/student visas being postponed.</p> <p>Board Member asked about impacts of UHI rankings on visas. Vice Principal noted that higher-ranked Universities are prioritised by potential Masters students, which has a knock-on effect for students at UHI in terms of progression. Numbers are not huge but could have a significant effect on future numbers if students choose not to undertake Honours at Perth College as progression to Masters cannot be guaranteed.</p>	
<b>9</b>	<b>Staff Engagement</b>	
<b>9.1</b>	<p><b>HR Update</b></p> <p>Head of HR &amp; Organisational Development provided update on staffing issues, per Paper 7, noting that sickness absence was higher than expected but less than 2% of working days, and that no new work-related stress cases had been reported since start of Consultation process,</p> <p>Head of HR &amp; Organisational Development also advised Committee that the Healthy Working Lives gold standard had been retained.</p> <p>Board Member queried compliance levels re mandatory training. It was noted that some computers were having issues linking to the online training provision, and that emails were being sent to individuals who hadn't completed the courses. For the future, induction processes were being reviews and automatic reminders were being established.</p>	
<b>9.2</b>	<p><b>Consultation Update</b></p> <p>Head of HR &amp; Organisational Development provided a brief verbal update on the Consultation process, noting that permission had yet to be received form SFC re VS scheme, which is starting to become a cause for concern.</p>	

<b>10</b>	<b>Compliance</b>	
<b>10.1</b>	<p><b>Review of Risk Register</b></p> <p>Clerk introduced Paper 8, which prompted Committee to examine and review Risks within the specific control of the Committee, and asked Committee to consider additional Risks.</p> <p>Committee advised consideration should be given to splitting Risk 3 into 2 areas – domestic and international – to take account of inherent differences between recruitment for International and RUK students.</p> <p>Committee agreed that future consideration would require to be given to reviewing actions on the full commencement of the International Strategy.</p> <p>Clerk advised Committee of the process regarding Risk Register within the Board cycle and beyond.</p>	Clerk
<b>10.2</b>	<p><b>Staff Governance Standard</b></p> <p>Head of HR &amp; Organisational Development introduced Paper 9, indicating that it had been identified that the College had not conducted an exercise specifically reviewing compliance against the Staff Governance Standard, as laid out within the Code of Good Governance.</p> <p>Head of HR &amp; Organisational Development noted that the paper laid out the Staff Governance Standard and the College's current level of compliance, before advising on future developments to ensure best practice.</p> <p>Board Member queried whether figures against training had been applied against all staff. It was confirmed that the data used was aggregated based on FTEs.</p> <p>Board Member noted that the review of compliance had a clear link to Audit reports, and should be absorbed within any Action Plans.</p> <p>Committee <b>APPROVED</b> the Staff Governance paper.</p>	
<b>11</b>	<p><b>Committee Minutes</b></p> <p>The minutes for the following meetings were received and noted:</p> <ul style="list-style-type: none"> <li>• EDIT, 28 November 2019</li> <li>• Staff Engagement Group, 08 November 2019</li> <li>• Student Engagement Group, 22 October 2019</li> </ul>	



<b>12</b>	<b>Date of Next meeting</b> <ul style="list-style-type: none"> <li>07 May 2020 at 5.30pm</li> </ul>	
<b>13</b>	<b>Review of Meeting</b> <p>The Committee agreed the meeting had covered its Terms of Reference.</p>	

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

#### **Status of Minutes – Open ☒ (Except Item 8.3)**

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** ☒

# Chairs' Committee

## DRAFT Minutes

**Meeting reference:** Chairs 2019-20/03

**Date and time:** Monday 10 February 2020 at 5.30pm

**Location:** Room 019

**Members present:** Brian Crichton, Chair of the Board of Management  
Sharon Hammell, Board Member  
Ann Irvine, Board Member  
Charlie Shentall, Board Member  
Margaret Cook, Principal

**In attendance:** Ian McCartney, Clerk to the Board of Management

**Apologies:** David Littlejohn, Board Member

**Chair:** **Brian Crichton**

**Minute Taker:** Ian McCartney

**Quorum:** 3

Summary of Action Items			
Ref	Action	Responsibility	Time Line
7.4	<b>Board Staff Election</b> Clerk to circulate details of staff election process to Board.	Clerk	ASAP
8.1	<b>External Effectiveness Review</b> Clerk to circulate CDN pool & process information and ensure value for money of process.	Clerk	Next Board meeting
12	<b>Audit Scotland Survey</b> Clerk to circulate details of questions for collation within the timescales requested.	Clerk	ASAP
14	<b>Risk Review</b> Clerk to add impact of coronavirus outbreak should be added to Risk Register.	Clerk	Next Board meeting

## Minutes:

Item		Action
1	<b>Welcome and Apologies</b>  Chair welcomed everyone to the meeting, and noted Apologies received from Chair of Finance & General Purposes Committee.	
2	<b>Additions to the Agenda</b>  a. Chair added a verbal update re UHI Audit (now Item 11). b. Acting Chair of Audit Committee added Audit Scotland Survey (now Item 12)	
3	<b>Declaration of Interest in any Agenda Item</b>  There were no declarations of a conflict of interest.	
4	<b>Minutes of Meeting held on 04 September 2019</b>  The minutes were approved as a correct record.	
5	<b>Matters Arising from Previous Minutes</b>	
	<u>Ref 6 - Consultation Update</u>  <b>Action:</b> Response to the vote of no confidence motion passed by EIS be passed to the Board for information.  <b>Action Update:</b> No formal response given  <u>Ref 7.1 - Independent Board Membership of Committees</u>  <b>Action:</b> Board members to be approached about taking on Vice Chair or additional Sub-Committee roles  <b>Action Update:</b> Andrew Comrie had agreed to take on Vice Chair role for Academic Affairs Committee. Debbie Hutchison had previously agreed to take on Vice Chair role for Engagement Committee, and would now be deputising in the chair at the next meeting. No Vice Chair necessary for AST Board.  <u>Ref 7.2 – Staff/Student Membership of Committees</u>  <b>Action:</b> Clerk to discuss membership of F&GP/Audit Committee with HISA and seek clarity on their choice prior to joint meeting on 04 December	

	<p><b>Action Update:</b> HISA President to sit on F&amp;GP, HISA VPAW to sit on Audit.</p> <p><u>8.1 – External Effectiveness Review</u></p> <p><b>Action:</b> Clerk to identify potential reviewers and tie in a Board Development Evening with the process</p> <p><b>Action Update:</b> On Agenda under Item 8.1</p> <p><u>8.2 – Board Scrutiny of Health &amp; Safety</u></p> <p><b>Action:</b> Health &amp; Safety be a Standing Agenda Item at all future Board meetings</p> <p><b>Action Update:</b> Completed</p>	
<b>6</b>	<b>Consultation Update</b>	
	<p>Principal provided update to Chairs, noting that 9 Consultation meetings had now taken place, and a significant number of responses had been received from staff across the organisation.</p> <p>Principal noted UHI had been approached re contribution of £600k per last Board meeting. Principal was advised that no mechanism exists for such a contribution, meaning UHI could only look at College's financial outcome at Year End to determine next steps.</p> <p>Principal noted that SMT were working towards a break-even position within the allowable deficit, and acknowledged that College was not as far along restructuring process of restructuring as anticipated at this stage.</p> <p>Following a question from Board Member re likely timescales, Principal noted that External Auditors had indicated no material issues with deferred income due to proper treatment, therefore the Fiscal Year deadline for spending this income was no longer justified.</p> <p>Principal noted that a meeting had been planned to discuss resources across UHI, which both Principal and Interim Head of Finance would be attending.</p> <p>Board Member enquired as to whether use of ALF would be a possibility. It was noted that this would require great care, and that further investigation would be required as to the suitability of this approach.</p>	

<b>7</b>	<b>Committee Membership</b>	
<b>7.1</b>	<b>Independent Board Membership of Committees</b>  Item was discussed during Matters Arising	
<b>7.2</b>	<b>Staff/Student Membership of Committees</b>  Item was discussed during Matters Arising	
<b>7.3</b>	<b>Board Recruitment – Nominations Committee</b>  Clerk advised Committee that a Nominations Committee is required to act as main decision-making group for recruitment of new Board Members, and under current Standing Orders this would be Chairs/Remuneration Committee.  Committee <b>agreed</b> that the recruitment process should look for 4 Independent Board Members plus 2 co-optees, with a primary focus on candidates with backgrounds/qualifications in accounting and strategy.  Committee agreed that the recruitment panel likely be made up of 2 Board members, one of whom Chair of Board, a UHI representative, and a senior external, possibly from another Scottish College.	
<b>7.4</b>	<b>Board Staff Election</b>  Clerk advised Committee that processes were in place regarding election to the vacant Staff Member position, with timescales dictated by the Code of Good Governance.  Clerk to circulate details of process to Board.	Clerk
<b>8</b>	<b>Board Effectiveness</b>	
<b>8.1</b>	<b>External Effectiveness Review</b>  Clerk advised Committee that College Development Network had completed their training of a pool of facilitators and had circulated a list to interested parties, details of the review, plus outline costs. Clerk noted that review process look robust, and offered all Board Members an opportunity to contribute fully to the process, including a Board Development evening.  Clerk further advised that, should College wish to achieve their June deadline for the Review, a quick turnaround would be required as their processes involved observation at the next Board meeting in mid-	

	<p>March, and this would limit the pool of facilitators. Committee discussed issues of proceeding at pace with the process during a time with current and impending Board vacancies, and determined that it was better to proceed immediately than commence process in June and thus involve a proportionately high number of new Board Members.</p> <p>Chair reminded Committee that a value for money exercise would be required as part of this process.</p> <p>Clerk to circulate CDN pool &amp; process information and ensure value for money of process.</p>	Clerk
<b>9</b>	<p><b>Assembly/Programme Board Consultation Paper</b></p> <p>Chair provided a verbal update on progress with the Consultation Paper, noting that a response had been drafted and circulated for feedback from Board Members. The collated response will be circulated to other Chairs across the Partnership.</p>	
<b>10</b>	<p><b>Evolving SIF/Tay Cities Deal</b></p> <p>Chair provided a verbal update, and noted that, following a request for a bridging loan from UHI, it was indicated that terms would include ownership of the asset reverting to UHI. The request had subsequently been withdrawn and other options were being examined.</p> <p>Principal noted disappointment at lack of discussion from UHI prior to terms being advised.</p> <p>Principal advised that the dialogue had re-opened to determine other options re funding, however Committee were informed that Perth &amp; Kinross Council were unable to provide a loan facility regarding other Tay Cities funding.</p>	
<b>11</b>	<p><b>UHI Audit</b></p> <p>Principal noted that a draft report from UHI had recently been received for comment.</p> <p>Principal informed Committee for context that, while 3 one-to-one interviews had been conducted at the start of the review process, the remainder of input from the College had been to submit various documentation at the request of the UHI Internal Auditor.</p> <p>Principal's initial view was that the report was balanced, albeit with the exception of a few items and some requirement for contextualisation.</p>	

	<p>Principal further noted that report include 19 recommendations, and that cognisance needs also to be taken of the External and Internal Audit Reports provided within the annual audit cycle.</p> <p>Principal advised Committee of intention to submit report to Board once final issue received, therefore would be tabled during standard Board cycle rather than at Extraordinary meeting.</p> <p>Chair informed Committee that UHI had indicated to College that VS scheme will not be considered by SFC until report produced</p>	
<b>12</b>	<p><b>Audit Scotland Survey</b></p> <p>Acting Chair of Audit noted receipt of an online survey from Audit Scotland that requires completion. Details of questions will be circulated by Clerk for collation within the timescales requested.</p>	Clerk
<b>13</b>	<p><b>Date &amp; Time of next meeting</b></p> <ul style="list-style-type: none"> <li>Wednesday 29 April 2020 at 5.30pm</li> </ul>	
<b>14</b>	<p><b>Risk Review</b></p> <p>Committee discussed areas of Risk that should be considered within the Risk Register.</p> <p>Committee agreed that the coronavirus outbreak should be added, with particular reference to impact on commercial income, health and safety and business continuity. Clerk to add.</p>	Clerk
<b>15</b>	<p><b>Review of Meeting</b></p> <p>The Committee agreed the meeting had covered its Terms of Reference.</p>	

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

**Status of Minutes:**      **Open** ☐      **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

## DRAFT Minutes

**Meeting reference:** Academic Affairs 2019-20/02

**Date and time:** Wednesday 19 February 2020 at 2.30pm

**Location:** Room 019

**Members present:** Margaret Cook, Principal (Chair)  
Lorenz Cairns, Depute Principal (Academic)  
Veronica Lynch, Vice Principal (External)  
Catherine Etri, Associate Principal (Curriculum)  
Michaela Asisten, HISA Perth VP Education & Engagement  
Deborah Lalley, Head of Student Experience  
David Gourley, Head of Learning & Teaching Enhancement  
Robert Boyd, Teaching Staff Member on the Committee  
Martin Price, Chair of Research, Scholarship & Knowledge Exchange Committee

**In attendance:** Ian McCartney, Clerk to the Board of Management

**Apologies:** Andrew Comrie, Board Member  
Sheena Devlin, Board Member  
Amy Studders, HISA Perth President

**Chair:** Margaret Cook  
**Minute Taker:** Ian McCartney  
**Quorum:** 8

Summary of Action Items			
Ref	Action	Responsibility	Time Line
6.2	<b>Student Surveys: Induction Early Experience Survey 2019-20</b> Head of Student Experience to look into whether Q10 can be reviewed.	Head of Student Experience	Next Meeting
7.2	<b>HISA Perth Update</b> Associate Principal (Curriculum) provided a brief verbal update Curriculum Review & Planning process, and noted that a fuller update would be circulated by email for the benefit of Board members.	Principal/ Clerk	June 2020
7.4	<b>Regional Outcome Agreement</b> Depute Principal to provide progress reports by email when available.	Depute Principal	ASAP
9.1	<b>Safeguarding Policy</b> Reviewed Policy be circulated to Committee members to allow Chair's Action to be progressed.	Head of Student Experience	ASAP
11	<b>Risk Review</b> Clerk to update Risk Register to reflect changes to Risks 8, 10 and 11.	Clerk	March 2020

**Minutes:**

Item		Action
1.	<b>Welcome and Apologies</b>  The Chair welcomed everyone to the meeting. Apologies were noted.	
2.	<b>Additions to the Agenda</b>  There were no additions to the agenda.	
3.	<b>Declaration of Interest in any Agenda Item</b>  There were no declarations of a conflict of interest.	
4.	<b>Minutes of Meeting held on 20 November 2019</b>  The minutes were approved as an accurate record.	
5.	<b>Matters Arising from Previous Minutes</b>	
	<p><u>4 Minutes of Meeting Held on 8 May 2019</u></p> <p><b>Action:</b> Clerk to amend minutes re student staff members referred to in Item 13.1, did not include Mountain Studies staff.</p> <p><b>Action Update:</b> Completed</p> <p><u>6.1 HISA Perth Update</u></p> <p><b>Action 1:</b> Principal/Clerk to investigate working with Who Cares? Scotland a part of Board's development activities.</p> <p><b>Action Update:</b> Due to be completed by June 2020</p> <p><b>Action 2:</b> HISA to investigate whether there was an opportunity to do more for student residents over the Xmas period</p> <p><b>Action Update:</b> Not possible to achieve</p> <p><u>8.1 Balanced Scorecard</u></p> <p><b>Action:</b> Clerk to investigate incorporation of sector/UHI comparison within the Scorecard</p> <p><b>Action Update:</b> To be considered within wither Balanced Scorecard review</p>	

<b>6.</b>	<b>Student Experience</b>	
<b>*6.1</b>	<p><b>HISA Perth Update</b></p> <p>HISA Perth VP Education &amp; Engagement summarised the key points of Paper 2, highlighting the successful recruitment of a Communications Intern, the interview process for the vacant Co-Ordinator position, and the recent SRC/Class Rep Gathering event which had over 40 student reps attending in total over the 2 days.</p> <p>Head of Student Experience requested an update on the Council Tax Exemptions campaign. HISA Perth VP Education &amp; Engagement noted that no meaningful progress had been made. Associate Principal advised contacting one of the absent Board Members who had previously offered to help put HISA Perth in contact with key decision-makers at Pert &amp; Kinross Council.</p>	
<b>6.2</b>	<p><b>Student Surveys: Induction Early Experience Survey 2019-20</b></p> <p>Head of Student Experience introduced Paper 2 which provided results and analysis of the Induction Early Experience Survey conducted in October 2019, and highlighted the key points.</p> <p>Head of Student Experience noted awareness of reduced response rates (which was deemed partly to be caused by the migration to an online feedback system) and is working with Sector Development Directors to address this, as well as some of the key areas noted as performing below expectations.</p> <p>Head of Student Experience also noted that actions were in place to promote earlier applications for funding as this would go some way to alleviating some of the issues around students' early experiences at College.</p> <p>Associate Principal noted that process for electing and training Class Reps was slower than normal this year, and asked HISA Perth to consider making this a summer priority in future.</p> <p>Staff Member of the Committee noted that some key satisfaction questions (Q1, Q18-20) scored 90+%, and queried whether this information had been disseminated. Head of Student Experience noted that it had, but would be look to reissue if message wasn't being heard.</p> <p>HISA Perth VP Education &amp; Engagement queried whether Q10 could be reviewed. Head of Student Experience would look into whether this could be taken forward.</p>	Head of Student Experience

<b>6.3</b>	<b>Student Funding Update</b> <p>Head of Student Experience presented latest student funding update, as detailed in Paper 4, which had been prepared by the Student Funding Adviser.</p> <p>Head of Student Experience drew particular attention to the issues in monitoring numbers of care-experienced students, therefore making it difficult to predict if budgeted funds in this area fully adequate to cover actual amounts required,</p> <p>Head of Student Experience also advised the ESF funding for FE courses may be subject to change in 2020/21, which would likely require some realignment with regards to bursaries.</p>	
<b>6.4</b>	<b>Additional Counselling Funding</b> <p>Principal advised that Scottish Government funding of 80 counsellors split across University and College sectors had been announced, noting that the division of these resources within UHI had been the subject of some debate, but looked likely to settle on a Counselling Manager post hosted at Executive Office rather than additional resources being delivered to Perth College, prompting discussion on the potential preferred options on a local level should an alternative decision be reached</p> <p>A final decision on the matter was due to be made shortly by SFC.</p>	
<b>7</b>	<b>Curriculum</b>	
<b>7.1</b>	<b>Student Recruitment Update</b> <p>Head of Student Experience outlined latest Student Recruitment position per Paper 5, noting that College was around 700 credits below target, and indicated that core funding target had been met and that courses are planned for April to address shortfall in ESF.</p> <p>Head of Student Experience noted that HE recruitment was 72 FTE behind target, however this gap was expected to close following student recruitment in January, and additional distance learning students coming on stream.</p>	
<b>7.2</b>	<b>Curriculum Review Planning Update</b> <p>Associate Principal (Curriculum) provided a brief verbal update Curriculum Review &amp; Planning process, and noted that a fuller update would be circulated by email for the benefit of Board members.</p>	Associate Principal

7.3	<p><b>Learner Journey Strategy</b></p> <p>Associate Principal presented Paper 6, which provides a summary of the Perth &amp; Kinross Learner Journey Strategy 2019-22, which had been developed alongside Perth &amp; Kinross Council and Skills Development Scotland, and formed part of the College's EREP document.</p> <p>Associate Principal noted that the strategic priorities were aligned to national priorities, and that the approach to setting establishing principles to ensure partnership working was a new way of working in the region.</p> <p>Associate Principal advised that there was a willingness to agree a core common curriculum across the region, however this was still at an early stage, and the College will play a key part in this process, however significant work remains to be done in this regard.</p> <p>Chair asked whether money was available from the Council Learning Partnerships to take this strategy forward; Associate Principal indicated that this was being looked into.</p>	
7.4	<p><b>Regional Outcome Agreement Update</b></p> <p>Depute Principal provided a verbal update on the Regional Outcome Agreement, noting that a central narrative and hyperlinks had been provided for local input, with local engagement to be collated. Depute Principal would provide progress reports across a range of areas for circulation by email when available. Timescales were not clear, therefore work is being conducted at the earliest opportunity.</p> <p>Associate Principal advised that a paper was being pulled together from a student experience perspective to identify levels of work undertaken locally; although this work was primarily focused on the forthcoming HMI visit, it will link across to ROA issues.</p>	Depute Principal
7.5	<p><b>MA Electrical Installation Report</b></p> <p>Associate Principal table Paper 7 for information, noting a very positive report, with no areas for development re service delivery. 1 item noted for development was the low response rate for the SECTT survey, which is an ongoing problem for the College.</p> <p>Committee requested that Associate Principal pass on their congratulations to the team involved in such a positive report.</p>	

<b>8</b>	<b>Performance Monitoring</b>	
<b>8.1</b>	<p><b>Student Retention &amp; Attainment Report 2018-19</b> <b>SFC Benchmark Report on KPIs</b></p> <p>Head of Student Experience presented Paper 8 advising that all charts were published online by SFC for all stakeholders, with the commentary contextualised for Perth College.</p> <p>Head of Student Experience highlighted key areas of Report, noting in particular that the College was still performing above SCQF sector average, albeit the gap has closed slightly, and that schools/college partnerships showed considerable increase in performance.</p> <p>Head of Student Experience further noted that College showed poor performance related to Higher provision, and reasons for this were being examined. It was also noted that the Gender Gap had widened at College, likely due to provision of “traditionally” female courses. Head of Student Experience advised Committee that a Sector Development Managers meeting was due to be held shortly to explore these issues further.</p>	
<b>8.2</b>	<p><b>Balanced Scorecard Update</b></p> <p>Clerk presented Paper 9, which presented a mixed picture re attainment of Student Activity Measure 7 and 8.</p> <p>Head of Student Experience informed Committee that shortfall in achieving Care Experienced student target is likely to be down to non-disclosure at registration, with steps being taken within the Student Support Team to try to address this. HISA Perth VP asked about specific numbers of Care Experienced students at Perth College; Head of Student Experience advised that around 35 students had disclosed, however it was estimated that around 60 Care Experienced students attended College.</p> <p>Head of Student Experience advised that Baseline A for Measure 7 will need to be revised due to contraction of sector, as SFC targets were used for funding purposes.</p>	
<b>9</b>	<b>Strategies, Policies &amp; Procedures</b>	
<b>9.1</b>	<p><b>Safeguarding Policy – Update</b></p> <p>Head of Student Experience noted that a Safeguarding Policy had been presented to Academic Affairs Committee last May, the Policy being passed in principle for Chair’s Action, pending specific actions</p>	

	<p>required to provide specific Perth context to the single policy environment.</p> <p>Head of Student Experience informed Committee that, while the policy had slipped down the priority list, a new group had been formed to revisit the matter, and asked Committee that the reviewed policy be circulated to Committee members to allow Chair's Action to be progressed. This approach was <b>APPROVED</b>.</p>	Head of Student Experience
<b>9.2</b>	<p><b>Scholarship &amp; Research Strategy</b></p> <p>Chair of Scholarship &amp; Research Committee presented the Scholarship &amp; Research Strategy (Paper 10) for approval, noting the change of name from Research &amp; Knowledge Exchange Strategy, the removal of Strategic Aim 4, and the extension of the Strategy to 2021 to fit in with the College's strategy cycle.</p> <p>Subject to amendments to the footers within the policy relating to titles and timescales, the Scholarship &amp; Research Strategy was <b>APPROVED</b>.</p>	
<b>9.3</b>	<p><b>Digital Skills Strategy</b></p> <p>Head of Learning &amp; Teaching Enhancement presented the Digital Skills Strategy (Paper 11) for approval, summarising the key points.</p> <p>Depute Principal commended the work done on this Strategy, and noted that single-page layout was very user-friendly and this format should be looked at for future strategy documents.</p> <p>The Digital Skills Strategy was <b>APPROVED</b>.</p>	
<b>10</b>	<p><b>Standing Committee Minutes</b></p> <p>The minutes for the following meetings were received and noted:</p> <ul style="list-style-type: none"> <li>Scholarship &amp; Research Committee, 13 January 2020</li> </ul>	
<b>11</b>	<p><b>Risk Review</b></p> <p>Clerk presented Paper 13 for discussion, with Committee asked to review current Risks within the scope of the meeting and to consider other areas of Risk.</p> <p>Whilst the risk scores were considered appropriate, amendments and additions were recommended to Risks 8, 10 and 11. Clerk to update Risk Register accordingly, prior to presentation at Board meeting in</p>	Clerk



	March.	
<b>12</b>	<b>Date of Next meeting</b> <ul style="list-style-type: none"> <li>• 06 May 2020 at 2.30pm</li> </ul>	
<b>13</b>	<b>Review of Meeting</b> <p>The Committee agreed the meeting had covered its Terms of Reference.</p>	

DRAFT

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### **Status of Minutes – Open ☒**

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

# Finance & General Purposes Committee

## DRAFT MINUTES

**Meeting reference:** F&GP 2019-20/03

**Date and time:** Wednesday 04 March 2020 at 5:30pm

**Location:** Room 019

**Members present:** David Littlejohn, Board Member  
Brian Crichton, Board Chair  
Craig Ritchie, Board Member  
Debbie Hutchison, Board Member  
Katrina Hodgson, Board Member

**In attendance:** Lorenz Cairns, Depute Principal (Academic)  
Veronica Lynch, Vice Principal (External)  
Graham Little (Interim Head of Finance)  
Katy Lees (Head of HR & Organisational Development)  
Ian McCartney, Clerk to the Board of Management

**Apologies:** Margaret Cook, Principal  
Catherine Etri, Associate Principal (Curriculum)  
Amy Studders (HISA Perth President)

**Chair:** **David Littlejohn**  
**Minute Taker:** Ian McCartney  
**Quorum:** 3

### Summary of Action Items

Ref	Action	Responsibility	Time Line
6	<b>7 – Estates Update</b> Depute Principal (Academic) to prepare brief based on Paper 3 for a competitive procurement process re Estates Strategy, inclusive of options appraisal.	Depute Principal	Next meeting
9	<b>HR Update</b> Progression Plan re mandatory training to be presented to next F&GP meeting	Head of HR & OD	Next meeting
9	<b>HR Update</b> Investigate useful comparators for staff turnover analysis	Head of HR & OD	Next meeting
10	<b>Policies</b> Corrections and amendments re Procurement Strategy to be advised to APUC	Clerk	March Board meeting
10	<b>Policies</b> Align amended policy with Terms of Reference and Schedules of Delegation within Governance Manual	Clerk	June Board meeting
11	<b>Review of Risk Register</b> Update minor amendments against Risks 5, 6, 7 & 9.	Clerk	March Board meeting

## Minutes:

Item		Action
1	<p><b>Welcome and Apologies</b></p> <p>The Chair welcomed everyone to the meeting, and introduced Interim Head of Finance to first meeting.</p> <p>Apologies were received from Margaret Cook, Principal; Catherine Etri, Associate Principal; and Amy Studders, HISA Perth President.</p>	
2	<p><b>Additions to the Agenda</b></p> <p>There were no additions to the Agenda</p>	
3	<p><b>Declaration of Interest in any Agenda Item</b></p> <p>There were no declarations of a conflict of interest.</p>	
4	<p><b>Minutes of Meeting held on 11 December 2019</b></p> <p>Pending corrections to some minor typographical errors, the Minutes were accepted as an accurate record.</p>	
5	<p><b>Minutes of Extraordinary Meeting held on 11 February 2020</b></p> <p>Pending corrections to some minor typographical errors, the Minutes were accepted as an accurate record.</p>	
6	<p><b>Matters Arising from Previous Minutes</b></p>	
	<p><u>Minutes of Meeting held on 11 December 2019</u></p> <p><u>1 Welcome</u></p> <p><b>Action:</b> Clerk to ensure that papers for extraordinary meeting of F&amp;GP/Audit/ Board are circulated at least 1 week in advance of meeting</p> <p><b>Action Update:</b> Work in progress</p> <p><u>7 Estates Update</u></p> <p><b>Action:</b> Depute Principal (Academic) to prepare brief based on Paper 3 for a competitive procurement process re Estates Strategy, inclusive of options appraisal.</p> <p><b>Action Update:</b> Deferred to next meeting</p>	Depute Principal

	<p><u>14 External Audit 2018-19</u></p> <p><b>Action 1:</b> Disclosures summary actions on Paper 10 to be qualified to reflect no guarantee that all issues identified</p> <p><b>Action 2:</b> Rationale on Paper 10 to be amended to avoid pre-judgement of outstanding investigations</p> <p><b>Action Update:</b> Completed</p> <p><u>Minutes of Extraordinary Meeting held on 11 February 2020</u></p> <p>Actions relating to Items 4, 5, 7 and 8 of this meeting were completed prior to Extraordinary Board Meeting held on 20 February 2020.</p>	
<b>7</b>	<b>Accounts</b>	
<b>7.1</b>	<p><b>Perth College Management Accounts – 6 months to 31 January 2020 &amp; Mid-Year Forecast to 31 July 2020</b></p> <p>Interim Head of Finance presented Papers 3a and 3b and summarised position, noting that College was currently £72k ahead of budget.</p> <p>Chair clarification use of Training Agencies/SDS within Tuition Fees as one term had replaced the other.</p> <p>Interim Head of Finance noted the £1m cash position in the Balance Sheet included a large amount of ring-fenced income, therefore the working cash figure amounted to around £500k, or around 4 working days. Chair (BoM) proposed that there should be at least 1 week's non-ringfenced cash available at any given time, which Committee agreed with.</p> <p>Chair (BoM) noted that Commercial Income linked to Business &amp; International Development Strategies was £200k behind budget, and queried whether this was a blip or a poor starting point. Vice Principal noted that the timings with regard to phasing of payments against budgets require some work.</p> <p>Board Member queried AST contribution. It was noted that the Gift Aid element of the relationship cannot be assumed, however a service fee arrangement was also included. On query, it was clarified that AST have separate cash arrangements to the College.</p> <p>Chair noted that accuracy of budgets had been improved but some inconsistencies remained, eg Mountain Studies.</p> <p>Depute Principal sought guidance from Committee re use of Libyan</p>	

	<p>money. Vice Principal noted that the AST General Manager had been tasked with identifying source to repay, and this task is still in progress.</p> <p>Interim Head of Finance advised that the Mid year Forecast was due to be submitted by the end of March and approval of process was sought.</p>	
<b>7.2</b>	<p><b>AST Management Accounts (CLOSED)</b></p> <p>Interim Head of Finance presented Paper 4, noting that, due to rescheduling of AST Board meeting, the information had not yet received scrutiny by the AST Board, and was therefore presented for information only.</p>	
<b>8</b>	<p><b>Estates</b></p>	
	<p><b>8.1 Estates Update</b></p> <p>Depute Principal summarised Paper 5 noting in particular the backlog maintenance figure of £13m, which prompted discussion over the need for a 5-year planned maintenance strategy, and likely levels of funding available for Estates expenditure given information from the Infrastructure Commission for Scotland.</p> <p>Board Member queried £10k unplanned expenditure on ASW, given the building was so new – it was clarified that this was due to air conditioning issues.</p> <p>Chair (BoM) queried whether the sale of the Kinross Learning Centre was included in the forward cash projections. Interim Head of Finance clarified that it was, however this would be held as a capital receipt.</p> <p>Committee was informed that 71 applications had been submitted for vacant Head of Estates position</p>	
<b>8.2</b>	<p><b>Tenders: Catering Contract (CLOSED)</b></p> <p>Depute Principal summarised Papers 6 and 7, noting that papers had been provided for information only due to length of time elapsed since last full tender process for Catering contract.</p>	
<b>9</b>	<p><b>Human Resources</b></p>	
	<p><b>HR Update</b></p> <p>Head of HR &amp; Organisational Development presented Paper 8, highlighting key points therein.</p>	

	<p>Chair (BoM) noted that the continued delay in achieving satisfactory levels of completion of mandatory training was wholly unacceptable. Head of HR and Depute Principal advised on mitigating circumstances, but accepted principle. Chair (BoM) noted that any failure arising from lack of mandatory training would land at the Board and proposed that a paper outlining a progression plan in this area be brought back to the next F&amp;GP meeting. This was <b>AGREED</b> by Committee</p> <p>Board Member queried comparative figures for turnover to allow meaningful analysis. Head of HR &amp; OD to investigate useful comparators.</p>	<p>Head of HR &amp; OD</p> <p>Head of HR &amp; OD</p>
<b>10</b>	<b>Policies</b>	
	<p><b>Procurement Strategy &amp; Policy</b></p> <p>Depute Principal introduced papers 9 and 10, and noted that the 2-year timescales allowed direct alignment to the College Strategic Planning timetable.</p> <p>Board Member sought clarification on some terminology and phrases utilised within the document. Clerk to instruct APUC to provide clarity on such terminology, and to correct faulty footers and page alignments prior to the papers being submitted to the Board for final approval.</p> <p>Subject to the above being carried out, Committee <b>APPROVED</b> the Procurement Strategy &amp; Procurement Policy documents.</p> <p>Board Member note the need to align amended policy with Terms of Reference and Schedule of Delegation within Governance Manual.</p> <p>Chair (BoM) queried staff training around the new policies and procedures. Head of HR &amp; OD noted that this would be captured within the ongoing plans related to amended financial regulations.</p>	<p>Clerk</p> <p>Clerk</p>
<b>11</b>	<b>Compliance</b>	
<b>11.1</b>	<p><b>Review of Risk Register</b></p> <p>Committee reviewed items on Risk Register within the remit of the Committee and found the risk levels to be correct.</p> <p>Minor amendments were noted against Risks 5, 6, 7 &amp; 9 which Clerk would update prior to the next Board meeting.</p>	<p>Clerk</p>
<b>12</b>	<b>Performance Management – Balanced Scorecard</b>	



	<p>Clerk outlined Paper 12, noting the links to the KPIs generated by the Strategic Plan.</p> <p>On reviewing the Balanced Scorecard, Committee expressed dissatisfaction with the use of retrospective measures and suggested use of a real-time assessment Scorecard to allow for real-time adjustments.</p> <p>Clerk instructed to look at more appropriate KPIs and consider a dashboard-style presentation.</p>	
<b>13</b>	<p><b>Committee Minutes</b></p> <p>The minutes for the following meetings were received and noted:</p> <ul style="list-style-type: none"> <li>• JNC Support Staff, 12 December 2019</li> <li>• JNC Lecturing Staff, 22 January 2020</li> <li>• JNC Consultation meetings 03 December 2019, 11 December 2019 &amp; 15 January 2020 (Summary only)</li> </ul>	
<b>14</b>	<p><b>Date &amp; Time of next meeting</b></p> <p>Wednesday 27 May 2020 at 5:30pm</p>	
<b>12</b>	<p><b>Review of Meeting</b></p> <p>The Committee agreed the meeting had covered its Terms of Reference.</p>	

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**Status of Minutes – Open\* ☒ Closed ☐**

**\* Excepting Items 7.2 & 8.2**

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Do the minutes contain items which may be contentious under the terms of the Data Protection Act 1998?

**Yes ☒**

**No ☐**