

Board of Management

Agenda

Meeting reference: Board 2019-20/05
Date: Monday 20 July 2020 at 5.00pm
Location: Online
Purpose: Additional meeting

* Denotes items for discussion/approval.

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

	Agenda Items	Author	Led by	Paper
1	Welcome and Apologies		Chair	
2	Additions to the Agenda		Chair	
3	Declaration of a Conflict of Interest in any Agenda Item		Chair	
*4	Minutes of the Board meeting held on Wednesday 10 June 2020	Clerk	Chair	Paper 1
*5	Actions arising from previous minutes		Chair	Verbal
	Audits & Financial Reporting			
*6	Perth College Budget 2020/21 – FINAL	Interim Head of Finance	Vice Principal (External)	Paper 2
*7	Air Service Training – Revised Budget 2020/21	AST General Manager	AST Chair	Paper 3
8	Tay Cities Deal		Vice Principal (External)	Verbal
	Standing Reports			
9	Chair's Report	Chair	Chair	Paper 4
10	Principal's Report	Principal	Principal	Verbal
	Compliance, Risk & Performance Monitoring			
*11	Subsidiary Company Winding-Up Orders: <ul style="list-style-type: none">• Brahan Business Services• Air Services Training (International)	Financial Accountant	Vice Principal (External)	Paper 5 Paper 6
*12	Strategic Risk Register	Clerk	Clerk	Paper 7
13	Health & Safety - Quarterly Update	Health, Safety & Wellbeing Adviser	Clerk	Paper 8

*14	Balanced Scorecard – Final	Project and Planning Officer	Clerk	Paper 9
	Policies & Strategies			
*15	Approval Process for Policy, Procedure & Strategy	Quality Manager	Clerk	Paper 10
*16	Business Development Strategy – Update	Commercial Manager ASW	Vice Principal (External)	Paper 11
*17	Addressing Racism Within Perth College	Andrew Comrie, Board Member	Andrew Comrie, Board Member	Paper 12
	Board Development			
18	Board Recruitment – update		Clerk	Verbal
19	Minutes of Board Standing Committees <i>For the Board of Management to note.</i>			
19.1	AST Board – 23 March 2020 & 15 April 2020	Clerk	Chair - AST	Paper 13 Paper 14
19.2	Chairs' Committee – 29 April 2020 (Draft minutes)	Clerk	Chair – Chairs'	Paper 15
19.3	Academic Affairs – 06 May 2020 (Draft minutes)	Clerk	Chair – Academic Affairs	Paper 16
19.4	Engagement Committee – 07 May 2020 (Draft minutes)	Clerk	Chair - Engagement	Paper 17
19.5	Audit Committee – 19 May 2020 (Draft minutes)	Clerk	Chair – Audit	Paper 18
19.6	Finance and General Purposes Committee – 27 May 2020 (Draft minutes) <ul style="list-style-type: none"> National Insurance Settlement 	Clerk	Chair – F&GPC	Paper 19 Paper 20
20	Date & Time of Next Meeting <ul style="list-style-type: none"> Thursday 08 October @ 5:00pm 	Clerk		
21	Review of meeting		Chair	

Board of Management

Minutes

Meeting reference: Board 2019-20/04

Date and time: Wednesday 10 June 2020 at 5.30pm

Location: Online

Members present: Brian Crichton, Board Member (Chair)
Andrew Comrie, Board Member
Sheena Devlin, Board Member (until Item 11)
Sharon Hammell, Board Member
Katrina Hodgson, Board Member
Debbie Hutchison, Board Member
Ann Irvine, Board Member
David Littlejohn, Board Member
Craig Ritchie, Board Member
Charlie Shentall, Board Member
Margaret Cook, Principal & Chief Executive
John Dare, Staff Board Member
Debbie Das Chaudhury, Student Board Member

In attendance: Lorenz Cairns, Depute Principal (Academic)
Catherine Etri, Associate Principal (Curriculum)
Veronica Lynch, Vice Principal (External)
Graham Little, Interim Head of Finance
Ian McCartney, Clerk to the Board of Management
Candy Munro, External Effectiveness Reviewer (Item 17)

Apologies: Amy Studders, HISA Perth President

Observing: Alex Wilson, HISA Perth President-Elect
Michaela Asisten, HISA Perth VP Activities & Welfare-Elect
Cameron Murray, HISA Perth VP Education & Engagement-Elect

Chair: **Brian Crichton**

Minute Taker: Ian McCartney

Quorum: 6

Summary of Action Items			
Ref	Action	Responsibility	Time Line
5	Matters Arising from Previous Minutes <u>24.6 Audit Committee – 10 March 2020</u> SMT to liaise with other Academic Partners prior to engaging external consultants to draw up a specification for an integrated finance/payroll/HR system that meets the College's current and future needs	SMT	ASAP
7	UHI Investigation Report Chair to circulate progress report re UHI Audit Committee to Board in due course	Chair	ASAP
8	Management Accounts to 30 April 2020 Staff Board Member requested a summary of key items noted by Interim Head of Finance within Executive Summary.	Interim Head of Finance	Next report of Management Accounts
10	Perth College Indicative Budget 2020/21 SMT to provide a full Budget position with options to achieve a balanced budget at the next Board meeting.	SMT	July Board
11	Air Service Training Business Plan 2020/21 Concerns raised at this Board meeting to be addressed and communicated to the July Board meeting, and any major changes indicated prior to the Board meeting	AST Chair/ Vice Principal	July Board
17	Board Effectiveness Review Chair, SMT and Clerk to generate action plan with appropriate timings to ensure recommendations are adopted	Chair/SMT/ Clerk	Next Board Cycle
18	Board Recruitment Clerk to add item to next Agenda re issues surrounding BAME and recruitment	Clerk	July Board
19	Calendar of Meetings 2020/21 Clerk to provide further clarification re timing of Chairs Committee over summer period and within Board Cycle 1	Clerk	ASAP
21	Review of Meeting Chair and Clerk review methods of Board working over the summer to ensure that decisions are made at the most appropriate level	Chair/Clerk	Next Board Cycle

MINUTES

Item		Action
1.	Welcome and Apologies The Chair welcomed everyone to the meeting, and welcomed the new HISA Perth executive, who were observing meeting as part of their induction process.	
2.	Additions to the Agenda There were no additions to the agenda.	
3.	Declaration of Interest in any Agenda Item There were no declarations of interest. Katrina Hodgson noted for record that a close family member will be attending Perth College from September 2020.	
4.	Minutes of Board Meeting held on 18 March 2020 The minutes were approved as an accurate record.	
5.	Minutes of Extraordinary Board meeting held on 20 February 2020 The minutes were approved as a correct record.	
6.	Matters Arising from Previous Minutes	
	<u>Matters Arising from Board Meeting of 10 June 2020</u> <u>8 UHI Investigation Report</u> Action: Chair to circulate output from meeting with UHI to the Board as soon as available Action Update: Completed. See Item 7 <u>10 Management Accounts</u> Action 1: Vice Principal to amend phasing issues re International Business Action Update: Completed Action 2: Analysis of likely deficit position based on likely impacts of Coronavirus to be undertaken for next Board meeting	

	<p>Action Update: Completed</p> <p><u>12 Financial Forecast Review</u></p> <p>Action: Guidance to be sought from External Auditors, Colleges Scotland and UHI re providing balanced budget figure</p> <p>Action Update: Completed</p> <p><u>13 Chair's Report</u></p> <p>Action: Chair to provide written reports prior to future meetings</p> <p>Action Update: Completed</p> <p><u>16 Consultation Process</u></p> <p>Action: Principal to check whether legal advice had been reported to Board previously and circulate if required</p> <p>Action Update: Completed</p> <p><u>17 Strategic Risk Register</u></p> <p>Action: Clerk to review Register around Coronavirus and update</p> <p>Action Update: Completed</p> <p><u>24.6 Audit Committee – 10 March 2020</u></p> <p>Action: SMT to liaise with other Academic Partners prior to engaging external consultants to draw up a specification for an integrated finance/payroll/HR system that meets the College's current and future needs</p> <p>Action Update: Work in progress – carry forward</p>	SMT
	Audits & Financial Reporting	
6	<p>Audit Action Plan</p> <p>Vice Principal presented Paper 2 comprising the Audit Action Plan, which had previously been tabled at Audit Committee, and drew Board's attention to the Summary of current pages which provides breakdowns by various categorisations, noting the additional measures provided for prioritisations, capacity and level of completion.</p> <p>Chair thanked those involved in compiling for the summarisation and overview. Other Board Members echoed thanks, noting that Plan</p>	

	<p>was well thought-out and provides a feeling of confidence that progress is being made in the right areas.</p> <p>Chair of Audit advised that a thorough discussion had taken place at the last Audit Committee meeting and confirmed comfort of progress being made, and reported no items of substance with regard to non-delivery.</p> <p>Staff Board Member asked about the financial plan regarding the Aviation Academy for Scotland. Principal noted that there was strong indication of Government commitment to Cities Deals, a position backed Board Member who expected signing off of the Deals over the summer. Chair advised that College would need to look at hard business case for project given current issues affecting aviation industry.</p>	
7	<p>UHI Investigation Report - Update</p> <p>Chair presented Paper for discussion, noting the meeting between the Board and representatives of UHI Court scheduled for 16 June.</p> <p>Principal noted that work with UHI was continuing re updated action plans, and may have finished non-COVID actions prior to meeting. No feedback had been received from UHI Audit Committee. Chair will circulate progress report to Board in due course.</p> <p>Chair of Audit expressed concern re limited consultation with key players, including Chair of Audit, during process and would welcome clarification form UHI in this regard.</p> <p>Chair asked Board Members to submit any items for discussion prior to meeting.</p>	Chair
8	<p>Management Accounts – 9 months to 30 April 2020</p> <p>Interim Head of Finance presented Paper 4, noting that the College is reporting a positive variance against budget of £306k, and highlighting in particular that this was due in part to an HMRC settlement being lower than expected, and that premises costs are expected to catch up to budget levels due to maintenance delayed by COVID-19 being brought back on stream.</p> <p>Principal clarified that capital spend had been encouraged by SFC to prepare for post-COVID adjustments in teaching and learning areas, and student residences. Tendering processes were under way for this work.</p> <p>Staff Board Member requested a summary of key items noted by Interim Head of Finance within Executive Summary. Interim Head of Finance to action.</p>	Interim Head of Finance

9	<p>Perth College Mid-Year Return</p> <p>Interim Head of Finance provided Paper 5 for approval, highlighting that income levels are likely to be down by approx. £1m over the full year, which has been offset by a reduction in expenditure related to the Government Job Retention Scheme and other operating costs.</p> <p>Chair thanked Finance team for clear and concise paper. Board Member noted that the presentation was particularly helpful for non-finance experts.</p> <p>Board Member queried Section 1.34 noting “work with other budget holders”, clarifying if this had taken place. Interim Head of Finance confirmed that there had been clear engagement with budget holders during the budget process.</p> <p>Student Board Member expressed concern over impact of student experience under a deficit position. Principal noted that colleagues from across the Sector were meeting frequently with Ministers to look at how Colleges emerge from COVID without damaging the student experience. The key message emerging is that, while things will be different, there is still a need to maximise the positive impact for students.</p> <p>The Mid Year Return was APPROVED.</p>	
10	<p>Perth College Indicative Budget 2020/21 & Future Financial Forecast</p> <p>Vice Principal introduced Paper 6, noting that the Budget had been prepared around the context of COVID, and is based on assumptions received from SFC via UHI.</p> <p>Vice Principal noted a range of factors were affecting recruitment, delivery and progression, which were summarised within the Paper. Vice Principal further noted that it was assumed that 80% of international students would be based on campus, that 50% of off-campus revenues would be achieved, and that ASW revenues would reduce by 30%.</p> <p>Vice Principal advised that at 3% pay increase was assumed, although the negotiating positions of the Unions remained unclear. This area will be reviewed once further clarity is provided. Vice Principal further advised that no assumptions had been made regarding and extension to Job Retention arrangements.</p> <p>Vice Principal concluded by noting that the resultant Indicative Budget showed a £1,8m deficit, therefore savings would require to be made.</p> <p>Principal noted that SFC were still expecting balanced budgets to be</p>	

	<p>submitted, therefore savings areas would need to be provided for consideration at July Board meeting.</p> <p>Staff Board Member enquired about approached to Government on the issue. Principal noted that colleagues had been involved in various approaches, but there was clear message that no additional monies were being committed by Westminster meaning that no Barnett Consequentials are likely to be forthcoming. Chair indicated that the same message had been provided to Chairs across the Sector, and that the expectation was for fixes to come from within. Board Member echoed that this message had also been provided to Local Authorities.</p> <p>Board Member was concerned that the parameters for review were not clearly defined and that there are structural implications for FE and HE sectors.</p> <p>Chair suggested that stress testing be done now regarding income generators such as ASW and student residences to ensure targets are achievable in order to prepare for worst case scenario.</p> <p>Principal noted that the top-slice arrangements would amount to £5m. Chair added that Executive Office report was not completely clear on where the top-sliced monies were spent, and that clarification had been requested.</p> <p>Board NOTED the assumptions for the 2020/21 Indicative Budget for 2020/21 and the Future Financial Forecast for the period to 2024/25 and instructed SMT to provide a full Budget position with options to achieve a balanced budget at the next Board meeting.</p>	SMT
11	<p>Air Service Training – Business Plan 2020/21 & Financial Risk</p> <p>Chair of AST presented Paper 7, which outlined an indicative budget for 2020/21, based on current business assumptions and current financial pressures.</p> <p>Chair of AST noted that position presented assumes and August 2020 restart, and that capacity exists to ensure staff and students are able to get where the need to be by this date; if not, budget income figures may come under some pressure.</p> <p>Chair of AST advised Board that work was ongoing regarding AST cashflow position, which remains precarious, in order to meet Going Concern requirements, although this was eased somewhat last week by an early payment of circa £250k be a client.</p> <p>Chair asked whether current challenges were reflected in the AST Risk framework. Vice Principal confirmed that Risk was recognised, particularly in light of External Auditor's current inability to sign off 2018/19 accounts.</p>	

	<p>Chair requested analysis of “what-if” scenarios, eg knock on effect should Tay Cities Deal fall through, be delayed or focus of funding change. Vice Principal noted that a paper was being tabled at next AST Board regarding Going Concern that includes Aviation Academy.</p> <p>Board Member expressed concern that predicting a surplus in current circumstances seemed overly optimistic. Vice Principal advised that the paper provides a base plan for approval. Board Member noted that there was no clear justification provided for that base plan and how this was approved.</p> <p>Chair of AST advised that the AST General Manager was very well positioned to provide insight into likely scenarios for the company. Board Member was concerned that there are too many variables to provide that level of comfort.</p> <p>Chair of AST reiterated that priority was to provide Going Concern comfort to External Auditors and this budget provides a marker in a highly fluctuating environment.</p> <p>Board Chair, while recognising the amount of work that has taken place within AST, and accepting that the AST Board have considered that the scenario presented is the most plausible available, expressed discomfort at some of the projections making up the budget, and further noted that there are no mechanisms for a bail out of a subsidiary company from public monies.</p> <p>Chair of AST noted that the paper reads as sums of intentions therefore detailed analysis is not shown, and that the AST Board consider the budget to be fully justifiable. Board Member noted that it would be useful to see background information on assumptions to provide the same level of comfort that AST Board have.</p> <p>On the proviso that concerns raised at this Board meeting were addressed and communicated to the July Board meeting, and any major changes indicated prior to the Board meeting, the AST Indicative Budget 2020/21 was approved in principle.</p>	AST Chair/Vice Principal
12	<p>BACS Application Form</p> <p>Board approved and authorised the electronic signing of approval forms for BACS payments related to 6 College bank accounts.</p>	
	Standing Reports	
13	<p>Chair’s Report</p> <p>Chair presented Paper 9 for information, adding a summary of the impact of review of HE & FE, and future attendance at Special</p>	

	<p>Partnership meeting on 1st July.</p> <p>Chair recorded appreciation to all staff regarding response to COVID-19.</p> <p>Student Board Member asked about reference within report to concerns over financial sustainability. Chair noted a high level of involvement at Partnership level had led to a considered position of concern, however this is mitigated somewhat by the work of the Board and SMT to provide practical solutions to the challenges faced.</p>	
14	<p>Principal's Report</p> <p>Principal presented Paper 10 for information.</p> <p>Board Member asked about likely timescales for clarity of funding. Principal noted that this was still unclear, although Colleges Scotland had changed their position to what sector needs rather than holding out for previous assumptions.</p> <p>Board Member asked for an update on SQA. Associate Principal noted that most of guidance and progression for 2109/20 students had now been completed, although some may be deferred re practical demonstrations of competence, however no clarity over 2020/21 parameters has been received, and SQA have indicated this work will not start until next week.</p> <p>Board Member queried when Board will see report re UHI Assessment of Readiness. Principal noted that this exercise had started some weeks ago and was undertaken by Programme Leaders therefore no direct input by College other than specific individuals. Feedback indicates that most are hopeful about an HE solution, but there are concerns over some feasibility of some FE programmes, particularly as teaching staff are on summer vacation from next week.</p> <p>Student Board Member asked, in relation to previous point, which courses are likely to not be deemed feasible. Principal noted that, unless there is a very good reason not to, the expectation is that all programmes will be delivered, albeit via a mode yet to be determined. Associate Principal noted that, where a dispute over viability exists, the Tertiary Board will adopt a position.</p>	
15	<p>HISA Perth Report</p> <p>Student Board Member presented Paper 11 for information.</p> <p>Board Members commended the paper as a major step forward for HISA Perth, and also commended HISA Perth's commitment to student engagement during COVID.</p>	

	Board Member suggest that HISA Perth look to complete the circle by evaluating successes and failures as learning for next year's plan. Student Board Member advised that handover documents had been prepared with that goal in mind	
	Compliance, Risk & Performance Monitoring	
16	<p>Perth College Governance Manual</p> <p>Clerk presented Paper 12 for review and approval, and summarised key amendments made to the Governance Manual, in particular adopting or adapting where appropriate a standardised template used by a number of other Colleges across the Sector.</p> <p>Board Member requested that frequency of Disclosures be reviewed.</p> <p>Student Board Member requested that consistency was applied to use of HISA Perth throughout the document.</p> <p>A small number of minor layout and reference errors were also identified under review.</p> <p>Subject to changes noted to Clerk, the amended Governance Manual was APPROVED</p> <p>Principal and Chair expressed thanks to Clerk for undertaking this large piece of work.</p>	
	Board Development	
17	<p>Board Effectiveness Review - Report</p> <p>Candy Munro, External Facilitator presented the Board Effectiveness Review Report and summarised the main recommendations therein. Board were thanks for their honest and considered approach to the process, and a high level of consensus in key areas was recorded.</p> <p>Board received all recommendations without exception. Chair, SMT and Clerk were tasked with generating an action plan with appropriate timings to ensure the recommendations are adopted.</p>	Chair/SMT/ Clerk
18	<p>Board Recruitment - Update</p> <p>Chair verbally updated Board on current position of recruitment of new Board members, noting that, following a second round of advertising, a strong pool of applications had been received and 7 candidates had been short-listed for interview on 15 June.</p>	

	<p>In response to clarification over gender split of applicants and short-listed candidates, Staff Board Member queried whether any targeting of potential candidates with a BAME background had been done. It was recognised that, although Government requires Board to ensure an appropriate gender split, this is an area where steps should be taken.</p> <p>Following a brief discussion, it was AGREED that this should be explored more fully at a future Board meeting, and Clerk should add to next Agenda.</p>	Clerk
19	<p>Calendar of Meetings 2020/21</p> <p>Clerk presented calendar of meetings for 2020/21, noting that the calendar was now linked with key compliance/decisions to be made at appropriate committees.</p> <p>Further clarification was required re timing of Chairs Committee over summer period and within Board Cycle 1.</p>	Clerk
20	<p>Date & Time of Next Meeting</p> <p>An additional meeting of the Board has been scheduled for Monday 20 July 2020 @ 5:00pm</p>	
21	<p>Review of Meeting</p> <p>It was AGREED that, in light of recommendations from External Effectiveness Review, Chair and Clerk review methods of Board working over the summer to ensure that decisions are made at the most appropriate level and, where appropriate, not necessarily requiring approval within a Board meeting (eg approval by circulation).</p> <p>Members AGREED the meeting had covered Board business.</p> <p>Chair concluded by thanking outgoing HISA Perth Board Members for their contribution over the year, and to David Littlejohn for his 7 years of service to the Perth College Board.</p>	Chair/ Clerk

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

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

Status of Minutes – Open ☒

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

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

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

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

Committee	Board of Management
Subject	Budget 2020/21 and Future Financial Forecast
Date of Committee meeting	20/07/2020
Author	Veronica Lynch, Vice Principal External Engagement
Date paper prepared	14/07/2020
Executive summary of the paper	<p>This paper provides the assumptions on which the budget for 2020/21 is based, together with a future financial forecast to 2024/25.</p> <p>The paper provides 3 scenarios together with the likelihood of achieving each scenario. The budget is based on Scenario 3. Potential mitigating actions to reduce the deficit budget presented have been included.</p> <p>It is recommended that the Board:</p> <ul style="list-style-type: none"> a) Note the 3 potential budget scenarios. b) Note the assumptions on which the scenario 3 budget for 2020/21 is based. c) Approve the budget based on scenario 3 for 2020/21 d) Note the proposed mitigating actions to reduce the projected deficit. e) Note the Future Financial Forecast for the period to 2024/25 f) Note the College's requirement from SFC to achieve a balanced budget within 3 years.
Consultation How has consultation with partners been carried out?	Consultation has been undertaken with SMT, budget holders and Colleges Scotland to confirm the assumptions on which this indicative budget is based.
Action requested	<input type="checkbox"/> For information only <input checked="" type="checkbox"/> For discussion <input type="checkbox"/> For recommendation <input checked="" type="checkbox"/> For approval

<p>Resource implications (If yes, please provide details)</p>	<p>Yes/ No This outlines the resources that will be required by the College to deliver its activities for 2020/21.</p>
<p>Risk implications (If yes, please provide details)</p>	<p>Yes/ No There is a high level of risk that the College will be unable to achieve a balanced budget as required by SFC Mitigation –PCUHI has identified mitigating actions to identify potential savings that can be achieve during the next 3 years to deliver a balanced budget by year 3. Colleges Scotland have stated the College’s case to SFC to gain support for conditions to be re-considered for this year as a result of COVID-19</p>
<p>Link with strategy Please highlight how the paper links to the Strategic Plan, or assist with:</p> <ul style="list-style-type: none"> • Compliance • National Student Survey • partnership services • risk management • other activity [e.g. new opportunity] – please provide further information 	<p>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 Financial sustainability This paper assists with risk management, compliance with legal duties and with the Code of Good College Governance.</p>
<p><u>Equality and diversity</u> Yes/ No If yes, please give details:</p>	<p>Click or tap here to enter text.</p>
<p>Island communities 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>Yes/ No If yes, please give details: Click or tap here to enter text.</p>

<p><u>Data Protection</u></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>Status (e.g. confidential/non confidential)</p>	<p>Confidential</p>
<p>Freedom of information</p> <p>Can this paper be included in "open" business?* -Yes</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? Until the OBC and FBC are approved and funding awarded to begin the project. This would be for an estimated 12 months.

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

Perth College UHI Budget 2020/21 and Future Financial Forecast to 2024/25

Introduction

This paper provides an update on our financial planning for 2020-21 and beyond for the next 5 years. In the context of COVID-19, this budget and future financial forecast is based on assumptions that have been provided by Colleges Scotland in addition to broader education sector trend predictions to support in our planning.

Market Context

The College is continuing to follow Scottish Government's advice and the campus remains closed with staff and students working and studying remotely. With a proposal on track for a campus re-opening in August, plans are being developed for what the 'new normal' operating environment will bring. Assumptions in relation to recruitment, delivery approaches, requirements for ICT and other personal protective equipment for students and staff are all part of the planning process, and influencing our financial planning for 2020/21 and beyond.

Scotland's Colleges Sector Position

In late April, the Scottish Funding Council (SFC) required Colleges to submit revised financial forecasts for 2019-20 in order to advise the Scottish Government on the likely financial impact of COVID-19 on institutions.

The impact of the COVID-19 crisis will significantly exacerbate an already very difficult financial and operating environment. Audit Scotland's report, [Scotland's Colleges 2019](#), highlighted the precarious financial challenges already facing the sector prior to COVID-19. Without financial support, colleges will record a significant operational deficit for the year ending 31 July 2020, leading to a material reduction in the level of cash held by colleges. In some colleges, this may lead to insufficient cashflow to meet their financial commitments, including staff costs and external contractual requirements.

Based on SFC data, the 2019-20 College sector adjusted operating position is expected to move from near break-even to a deficit of £12.3 million. Six colleges had projected deficits pre-COVID; however, only 3 colleges (2 are nonincorporated) are now forecasting surpluses.

Colleges Scotland estimate that the reduction in income across the sector due to COVID-19 will be around £40 million, leading to a deficit of between £12.3 and 25 million in 2019/20, and an estimated loss of income of over £70 million for the next academic year 2020/21.

The SFC has recently offered a welcome assurance on cash flows and some aspects of financial consideration via the Ministerial announcement of 9 July relating to indicative investments in Student Supporting Funding and Estates which have not yet been quantified by individual institution at this stage. We will continue to work with colleagues across the sector to take these forward.

The Principal is working with Principals across the sector and Colleges Scotland to seek assurances from the Scottish Government, SDS and Managing Agents to provide similar arrangements with apprenticeship milestones to support cashflow management to enable current business continuity and sustain the apprenticeship and employability training infrastructure. The College, through UHI has bid for SDS Supplier Relief Grant but with no decision at this stage.

The Scottish Government has been very supportive of Colleges, recognising the contribution the sector is making to support Scotland during the pandemic, the way in which Colleges have moved online to allow students to continue their studies and the future role of Colleges in kick starting the economy through upskilling and reskilling. To date, however, there is no clarity on how the additional funding announced by the Scottish Government/ SFC will be allocated. It is unlikely that this will support core costs.

Perth College's current position

Our updated year-end forecast for academic year 2019-20 is a projected Adjusted Operating Deficit of £1,295,345, an increase of £904,823. Further details on this were included in our revised Mid-Year Return.

Planning for 2020/21

Our operational and financial planning process has been undertaken with the Corporate Management Team. We are conscious that this year's includes a number of variable factors to enable as accurate a forecast as possible. This planning has considered a range of factors that will impact revenue, our recruitment profile, a greater realignment towards online delivery, an expected larger mix of shorter industry focussed programmes along with social distancing implications for on-campus delivery. Staffing and resource requirements to support this will continue to be reviewed. Assumptions for our 20/21 planning are:

- Curriculum review that was undertaken prior to COVID-19 continues to evolve to meet changing expectations from students and employers
- Teaching activities will require to be re-configured to enable us to respond to recruitment demand and modes of delivery
- Social distancing will remain in place for the full academic year
- Delivery will be based on a blended model of remote learning and, where a priority, limited on-campus learning. public health measures, including physical distancing, will be in place
- Where delivery is unable to be delivered online, particularly for FE students, smaller class sizes will be necessary impacting staff teaching hours within national terms and conditions
- Teaching spaces will require to be configured, including how we achieve best use of our digital estate, particularly to support students impacted by digital poverty
- The completions of some students from 2019/20 needing to take place prior to beginning 2020/21 learning
- The likely need for student groups split across multiple sessions and delivery modes
- The indications that students may wish to stay closer to home in 2020/21 rather than live in student residences
- Potential for an increase in taught or online postgraduate programmes as this year's graduates look for a safe option
- Current uncertainty around travel restrictions and access to visas impacting international on campus recruitment, as well as in market delivery
- Uncertainties related to EU student numbers despite assurances that 4 year degrees will still be honoured by Scottish Government for any students joining in 2020/21
- The likelihood of increased competition from Scottish Universities as a result of the reduction in international student numbers
- Changing preferences from school pupils on future study choices post COVID-19
- Continuing pressures on staff workloads within national terms and conditions framework

Budget for 2020/21

On the basis of the continually fluid planning environment, the assumptions that this indicative budget has been based on are:

- FE student credit income is based on figures provided by UHI on 3 June 2020. Student Support Funds have been included at the level UHI have indicated with an allowance for additional pension costs.
- HE grants incorporate the figures received in June from UHI for the RAM, REG and PGDE. An allowance has also been made for the UHI MicroRam in line with 2019/20 figures.
- 80% reduction of International students on campus
- International delivery able to be completed by agreement with partner institutions online – estimated 50% reduction in revenue
- Commercial contracts, research and development funding based on the assumption that up to 50% of activity will either be delayed or will not be contracted for in year.
- ESF being unable to be delivered on the basis of difficulty across UHI and the sector to achieve the core SFC FTE delivery target which puts at risk all the ESF funding. ESF is no longer available for FE delivery from 2020/21 onwards.
- SDS MA contract value - up to 50% of activity will either be delayed or will not be contracted for in the year.
- SDS Foundation Apprenticeships – up to 25% of activity will either be delayed or unable to be delivered in year
- Flexible Workforce Development Funding revenue based upon Scottish Government/ SFC enabling delivery delayed from 2019/20 fund as a result of COVID would be added to 2020/21 customer applications, enabling businesses to progress with their training plans within the required timescale
- Operational income including catering and nursery provision resulting from lower than anticipated recruitment levels due to social distancing restrictions
- ASW revenues at 30% reduction on 2019/20 levels
- Staffing model based on teaching load relates to staffing model v2 with no current allowance for additional staff time required resulting from social distancing.
- Core Skills (ICT, Numeracy & Communications) are currently based on 2019/20 teaching load
- Remitted time allowance currently c£54k, however based on the 3790 hours requested within operational planning, this could increase to £253k.
- Includes c£65k increase re the re-introduction of Sector Managers in BMCL, Engineering & Aviation and Creative Industries
- Pay cost increases of 2% against a 1.8% cost of living allocation are included
- A provision for £56k re apprenticeship levy based on a basic pay of c£14.2m is included
- Job Retention Scheme funds will be sourced for applicable staff based on updated eligibility criteria, although currently no allowance is included
- Capital grants reflect allocations provided by UHI
- Reduction in all non-essential expenditure

In relation to core teaching delivery, our expectation is that SFC will honour the recently announced 2020-21 allocations, with a continuation of the current relaxation in credit targets being met. It is unclear if the Scottish Government and SFC can commit to sustaining the announced allocation levels with the concession that colleges can deliver reduced credit level targets. This should be clearer following the revised collective FFR process.

This budget will require in year savings to be achieved in order to meet the SFC's requirement to deliver a balanced budget.

Budget Scenarios

There are 3 potential scenarios presented to mitigate the College's deficit position (all figures include Air Service Training):

1. College can continue to deliver income to pre-COVID levels – All streams will require to be deliverable either face to face or through a blended approach with no detriment to revenue. Likelihood 25%. In this scenario, savings required would be £512,880.
2. Budget based on reduced recruitment and reduced income across all strands – likelihood 50%. Savings required would be £1,510,733
3. Budget based on indicative assumptions where impact on core recruitment is minimal due to continued blended learning approaches with at least 1 day pw on campus. Commercial income sources are reduced by between 25 and 80% - Likelihood 75%. In this scenario, savings required would be £1,936,517

Scenario 3 is the basis on which the revised FFR has been provided to SFC on 1 July 2020, with an amendment for an assumption around international income in 2020/21.

Proposed Mitigating Actions

- Target an increase from UHI in the Resource Allocation Model of up to 30% - this would equate to £302k for every 5% increased allocation. The total value of the HE UHI funding is assumed here is £6,405k.
- Continue to work with SFC and other sector stakeholders to maximise funding and revenue streams.
- Implement different delivery approaches across all income streams that will increase efficiencies and broaden the market opportunities, including within International markets.
- Identify areas for efficiencies within non-pay expenditure, including contract savings, rebates, fees review – 10% savings target to be implemented. Assuming discretionary expenditure of £2m, this would save £200k.
- Target a reduced sector wide pay award to staff – a cost of £172k is incurred for each 1% of pay award offered.
- Review options on salary holidays and unfilled vacancies across key staff roles which could generate savings of £110k.
- Review financial viability of different organisational structures and partnerships
- Undertake a consultation process into reduction of recurrent costs that could be achieved through voluntary severance. This will require a budget a voluntary service budget in 2020/21.
- Any one or a combination of the above

Recommendation

It is recommended that the Board

- a) Note the assumptions on which the budget for 2020/21 is currently based.
- b) Note the Future Financial Forecast for the period to 2024/25
- c) Approve mitigation actions to be implemented to deliver the savings required to achieve a balanced budget over a 3 year period

Scenario 1. College can continue to deliver income to pre-COVID levels – All streams will require to be deliverable either face to face or through a blended approach with no detriment to revenue. Likelihood 25%

	Budget to 31 July 2020	Mid Year Return to 31 July 2020	Budget to 31 July 2021	Forecast for year ended 31 July 2022	Forecast for year ended 31 July 2023	Forecast for year ended 31 July 2024	Forecast for year ended 31 July 2025
INCOME							
Funding Council Grants excluding Research based	15,917,370	15,767,370	16,832,895	16,832,895	16,832,895	16,832,895	16,832,895
UHI Non Recurrent Income	143,568	143,568	143,568	143,568	143,568	143,568	143,568
Tuition Fees & Education Contracts	6,018,592	5,195,816	5,751,091	6,091,341	6,091,341	6,091,341	6,091,341
- Higher education full time	2,920,981	2,920,981	2,920,981	2,920,981	2,920,981	2,920,981	2,920,981
- Higher education part time	97,765	97,765	97,765	97,765	97,765	97,765	97,765
- Further education part time	30,000	30,000	30,000	60,000	60,000	60,000	60,000
- Non vocational	61,117	61,117	61,117	61,117	61,117	61,117	61,117
- Vocational higher education	8,000	8,000	8,000	8,000	8,000	8,000	8,000
- Highers	5,000	5,000	5,000	5,000	5,000	5,000	5,000
- Flexible workforce development fund	137,251	105,000	180,000	180,000	180,000	180,000	180,000
- Modern apprenticeships	180,000	133,762	180,000	180,000	180,000	180,000	180,000
- Foundation apprenticeships	371,855	271,394	371,855	371,855	371,855	371,855	371,855
- Managing Agents	104,000	104,000	104,000	104,000	104,000	104,000	104,000
- AST Tuition fees	2,102,623	1,458,797	1,792,373	2,102,623	2,102,623	2,102,623	2,102,623
Catering & Residences	1,188,321	747,739	1,188,321	1,188,321	1,188,321	1,188,321	1,188,321
Other Income Generating Activities	1,730,250	877,121	1,255,651	1,674,570	1,683,570	1,694,509	1,754,553
- International	1,103,515	628,916	628,916	1,047,835	1,047,835	1,049,504	1,100,000
- Short Course income	184,000	151,280	184,000	184,000	184,000	184,000	184,000
- Nursery	300,000	66,068	300,000	300,000	309,000	318,270	327,818
- Hairdressing	13,000	6,412	13,000	13,000	13,000	13,000	13,000
- Training restaurant	30,000	17,605	30,000	30,000	30,000	30,000	30,000
- Other	99,735	6,841	99,735	99,735	99,735	99,735	99,735
Research Centre Activity Income & Grant Funding	117,820	229,898	117,820	209,820	209,820	209,820	209,820
Release of Deferred Capital Grant	196,436	219,778	196,436	219,778	219,778	219,778	219,778
ASW & Climbing Centre	494,000	328,459	494,000	518,700	544,635	571,867	600,460
Other Income	604,810	801,775	579,310	610,310	610,310	610,310	610,310
INCOME SUB TOTAL	26,411,167	24,311,524	26,559,092	27,489,303	27,524,238	27,562,409	27,651,046
Bursary/ Hardship Grant (Excluding Childcare)	2,503,371	2,529,477	2,529,477	2,529,477	2,529,477	2,529,477	2,529,477
TOTAL INCOME	28,914,538	26,841,001	29,088,569	30,018,780	30,053,715	30,091,886	30,180,523
EXPENDITURE - STAFF COSTS							
Teaching Departments	12,746,134	12,540,982	13,120,993	13,612,602	14,004,279	14,412,662	14,833,615
Teaching Support Services	2,289,051	2,105,271	2,320,354	2,418,516	2,477,039	2,538,058	2,600,956
Administration & Central Services	2,064,786	2,140,456	2,123,651	2,213,688	2,280,997	2,351,178	2,423,518
Premises	885,862	830,484	911,117	949,746	978,623	1,008,733	1,039,770
ASW & Climbing Centre	391,004	432,532	402,151	419,201	431,947	445,237	458,936
Other Income Generating Activities	523,853	524,563	538,788	561,631	578,708	596,513	614,866
Research Centre Activity Income & Grant Funding	231,170	263,972	237,760	247,840	255,376	263,233	271,332
TOTAL EXPENDITURE - STAFF COSTS	19,131,859	18,838,260	19,654,813	20,423,224	21,006,969	21,615,615	22,242,993
EXPENDITURE - NON STAFF COSTS							
Teaching Departments	854,500	614,919	834,500	866,810	879,366	892,174	905,237
Teaching Support Services	465,000	463,845	465,000	474,300	483,786	493,462	503,331
Administration & Central Services	1,477,351	1,475,968	1,477,351	1,506,898	1,537,036	1,567,776	1,599,132
Premises	1,808,119	1,750,744	1,819,059	1,839,559	1,871,629	1,904,339	1,937,704
ASW & Climbing Centre	183,000	174,954	183,000	186,660	190,393	194,201	198,085
Catering & Residences	1,148,278	914,730	1,148,278	1,171,244	1,194,668	1,218,562	1,242,933
Other Income Generating Activities	760,899	514,632	721,232	773,058	785,459	798,109	811,012
Research Centre Activity Income & Grant Funding	18,200	20,938	18,200	18,564	18,935	19,314	19,700
Other Expenses - Childcare	536,103	536,103	536,103	546,825	557,762	568,917	580,295
Interest Payable	20,000	17,173	18,000	20,300	20,606	20,918	21,236
Depreciation	988,816	1,058,228	1,058,228	1,090,532	1,090,532	1,090,532	1,090,532
TOTAL EXPENDITURE - NON STAFF COSTS	8,260,266	7,542,234	8,278,951	8,494,749	8,630,172	8,768,304	8,909,198
TOTAL EXPENDITURE	27,392,125	26,380,494	27,933,764	28,917,973	29,637,141	30,383,919	31,152,191
Bursary/ Hardship Grant (Excluding Childcare)	2,505,071	2,529,477	2,529,477	2,529,477	2,529,477	2,529,477	2,529,477
TOTAL EXPENDITURE INCLUDING BURSARY	29,897,196	28,909,971	30,463,241	31,447,450	32,166,618	32,913,396	33,681,668
SURPLUS/DEFICIT	(982,658)	(2,068,970)	(1,374,672)	(1,428,670)	(2,112,903)	(2,821,510)	(3,501,145)
Depreciation (net of deferred capital grant)	792,380	838,450	861,792	870,754	870,754	870,754	870,754
Adjusted operating position	(190,278)	(1,230,520)	(512,880)	(557,916)	(1,242,149)	(1,950,756)	(2,630,391)

Management accounts	Budget to 31 July 2020	Mid Year Return to 31 July 2020	Budget to 31 July 2021	Forecast for year ended 31 July 2022	Forecast for year ended 31 July 2023	Forecast for year ended 31 July 2024	Forecast for year ended 31 July 2025	Adjustment to create Budget to 31 July 2021	Adjustments 2021/22 to 2024/25
INCOME									
Funding Council Grants excluding Research based	15,917,370	15,767,370	16,832,895	16,832,895	16,832,895	16,832,895	16,832,895	UHI Figures	0%
UHI Non Recurrent Income	143,568	143,568	143,568	143,568	143,568	143,568	143,568	Budget 20/21 = Budget 19/20	0%
Tuition Fees & Education Contracts	3,915,969	3,737,019	3,958,718	3,988,718	3,988,718	3,988,718	3,988,718		
- Higher education full time	2,920,981	2,920,981	2,920,981	2,920,981	2,920,981	2,920,981	2,920,981	Budget 20/21 = Budget 19/20	0%
- Higher education part time	97,765	97,765	97,765	97,765	97,765	97,765	97,765	Budget 20/21 = Budget 19/20	0%
- Further education part time	30,000	30,000	30,000	60,000	60,000	60,000	60,000	Budget 20/21 = Budget 19/20	£30k p.a
- Non vocational	61,117	61,117	61,117	61,117	61,117	61,117	61,117	Budget 20/21 = Budget 19/20	Full value
- Vocational higher education	8,000	8,000	8,000	8,000	8,000	8,000	8,000	Budget 20/21 = Budget 19/20	0%
- Highers	5,000	5,000	5,000	5,000	5,000	5,000	5,000	Budget 20/21 = Budget 19/20	0%
- Flexible workforce development fund	137,251	105,000	180,000	180,000	180,000	180,000	180,000	FWDF to be full estimate	Full estimate
- Modern apprenticeships	180,000	133,762	180,000	180,000	180,000	180,000	180,000	Budget 20/21 = Budget 19/20	Full value
- Foundation apprenticeships	371,855	271,394	371,855	371,855	371,855	371,855	371,855	Budget 20/21 = Budget 19/20	Full value
- Managing Agents	104,000	104,000	104,000	104,000	104,000	104,000	104,000	Budget 20/21 = Budget 19/20	Full value
- AST Tuition fees	-	-	-	-	-	-	-	Budget 20/21 = Budget 19/20	Full value
Catering & Residences	1,188,321	747,739	1,188,321	1,188,321	1,188,321	1,188,321	1,188,321		
Other Income Generating Activities	1,730,250	877,121	1,255,651	1,674,570	1,683,570	1,694,509	1,754,553		
- International	1,103,515	628,916	628,916	1,047,835	1,047,835	1,049,504	1,100,000	As MYR	Figures agreed 7/7/20
- Short Course income	184,000	151,280	184,000	184,000	184,000	184,000	184,000	Budget 20/21 = Budget 19/20	Full value
- Nursery	300,000	66,068	300,000	300,000	309,000	318,270	327,818	Budget 20/21 = Budget 19/20	Full Value then 3%
- Hairdressing	13,000	6,412	13,000	13,000	13,000	13,000	13,000	Budget 20/21 = Budget 19/20	0%
- Training restaurant	30,000	17,605	30,000	30,000	30,000	30,000	30,000	Budget 20/21 = Budget 19/20	Full value
- Other	99,735	6,841	99,735	99,735	99,735	99,735	99,735	Budget 20/21 = Budget 19/20	Full value
Research Centre Activity Income & Grant Funding	117,820	229,898	117,820	209,820	209,820	209,820	209,820	Budget 20/21 = Budget 19/20	0%
Release of Deferred Capital Grant	196,436	219,778	196,436	219,778	219,778	219,778	219,778	Budget 20/21 = Budget 19/20	0%
ASW & Climbing Centre	494,000	328,459	494,000	518,700	544,635	571,867	600,460	Budget 20/21 = Budget 19/20	5%
Other Income	649,310	879,238	649,310	654,810	654,810	654,810	654,810	Budget 20/21 = Budget 19/20	Full value
INCOME SUB TOTAL	24,353,044	22,930,190	24,836,719	25,431,180	25,466,115	25,504,286	25,592,923		
Bursary/ Hardship Grant (Excluding Childcare)	2,503,371	2,529,477	2,529,477	2,529,477	2,529,477	2,529,477	2,529,477	UHI Figures	N/A
TOTAL INCOME	26,856,415	25,459,667	27,366,196	27,960,657	27,995,592	28,033,763	28,122,400		
EXPENDITURE - STAFF COSTS									
Teaching Departments	12,015,111	11,946,063	12,511,647	12,881,579	13,273,255	13,681,639	14,102,591	MB Email 16/6/20	
Teaching Support Services	1,795,261	1,724,683	1,846,442	1,924,727	1,983,250	2,044,269	2,107,167	N/A	
Administration & Central Services	2,064,786	2,140,456	2,123,651	2,213,688	2,280,997	2,351,178	2,423,518	N/A	
Premises	885,862	830,484	911,117	949,746	978,623	1,008,733	1,039,770	N/A	
ASW & Climbing Centre	391,004	432,532	402,151	419,201	431,947	445,237	458,936	N/A	
Other Income Generating Activities	523,853	524,563	538,788	561,631	578,708	596,513	614,866	N/A	
Research Centre Activity Income & Grant Funding	231,170	263,972	237,760	247,840	255,376	263,233	271,332	N/A	
TOTAL EXPENDITURE - STAFF COSTS	17,907,047	17,862,753	18,571,555	19,198,411	19,782,156	20,390,802	21,018,180		
EXPENDITURE - NON STAFF COSTS									
Teaching Departments	615,500	567,754	615,500	627,810	640,366	653,174	666,237	0%	2%
Teaching Support Services	465,000	463,845	465,000	474,300	483,786	493,462	503,331	0%	2%
Administration & Central Services	1,477,351	1,475,968	1,477,351	1,506,898	1,537,036	1,567,776	1,599,132	0%	2%
Premises	1,572,019	1,544,316	1,572,019	1,603,459	1,635,529	1,668,239	1,701,604	0%	2%
ASW & Climbing Centre	183,000	174,954	183,000	186,660	190,393	194,201	198,085	0%	2%
Catering & Residences	1,148,278	914,730	1,148,278	1,171,244	1,194,668	1,218,562	1,242,933	0%	2%
Other Income Generating Activities	607,932	429,396	607,932	620,091	632,492	645,142	658,045	0%	2%
Research Centre Activity Income & Grant Funding	18,200	20,938	18,200	18,564	18,935	19,314	19,700	0%	2%
Other Expenses - Childcare	536,103	536,103	536,103	546,825	557,762	568,917	580,295	0%	2%
Interest Payable	15,000	15,000	15,000	15,300	15,606	15,918	16,236	0%	2%
Depreciation	928,816	1,030,532	1,030,532	1,030,532	1,030,532	1,030,532	1,030,532	0%	0%
TOTAL EXPENDITURE - NON STAFF COSTS	7,567,199	7,173,536	7,668,915	7,801,682	7,937,105	8,075,237	8,216,131		
TOTAL EXPENDITURE	25,474,245	25,036,289	26,240,470	27,000,093	27,719,261	28,466,039	29,234,311		
Bursary/ Hardship Grant (Excluding Childcare)	2,505,071	2,529,477	2,529,477	2,529,477	2,529,477	2,529,477	2,529,477	N/A	N/A
TOTAL EXPENDITURE INCLUDING BURSARY	27,979,316	27,565,766	28,769,947	29,529,570	30,248,738	30,995,516	31,763,788		
SURPLUS/DEFICIT	(1,122,901)	(2,106,099)	(1,403,751)	(1,568,913)	(2,253,146)	(2,961,753)	(3,641,388)		
Depreciation (net of deferred capital grant)	732,380	810,754	834,096	810,754	810,754	810,754	810,754	0%	0%
Adjusted operating position	(390,521)	(1,295,345)	(569,655)	(758,159)	(1,442,392)	(2,150,999)	(2,830,634)		

Assumed SFC Grant Funding									
FE Credit Funding			8,830,629						
FE Capital			717,329						
FE Childcare			601,277						
HE RAM			6,510,749						
HE REG			36,040						
HE Capital			209,279						
HE PGDE			215,455						
HE MicroRam (as 2019/20)			287,862						
			16,832,895						
FE Bursary + Discretionary									
			2,529,477						

Management accounts	Budget to 31 July 2020	Mid Year Return to 31 July 2020	Budget to 31 July 2021	Forecast for year ended 31 July 2022	Forecast for year ended 31 July 2023	Forecast for year ended 31 July 2024	Forecast for year ended 31 July 2025
INCOME							
Funding Council Grants excluding Research based	-		-	-	-	-	-
UHI Non Recurrent Income							
Tuition Fees & Education Contracts	2,102,623	1,458,797	1,792,373	2,102,623	2,102,623	2,102,623	2,102,623
- Higher education full time							
- Higher education part time							
- Further education part time							
- Non vocational							
- Vocational higher education							
- Highers							
- Flexible workforce development fund							
- Modern apprenticeships							
- Foundation apprenticeships							
- Managing Agents							
- AST Tuition fees	2,102,623	1,458,797	1,792,373	2,102,623	2,102,623	2,102,623	2,102,623
Catering & Residences							
Other Income Generating Activities	-		-	-	-	-	-
- International							
- Short Course income							
- Nursery							
- Hairdressing							
- Training restaurant							
- Other							
Research Centre Activity Income & Grant Funding							
Release of Deferred Capital Grant							
ASW & Climbing Centre							
Other Income	61,000	22,537	30,000	61,000	61,000	61,000	61,000
INCOME SUB TOTAL	2,163,623	1,481,334	1,822,373	2,163,623	2,163,623	2,163,623	2,163,623
Bursary/ Hardship Grant (Excluding Childcare)							
TOTAL INCOME	2,163,623	1,481,334	1,822,373	2,163,623	2,163,623	2,163,623	2,163,623
EXPENDITURE - STAFF COSTS							
Teaching Departments	731,024	594,919	609,346	731,024	731,024	731,024	731,024
Teaching Support Services	493,789	380,588	473,912	493,789	493,789	493,789	493,789
Administration & Central Services							
Premises							
ASW & Climbing Centre							
Other Income Generating Activities							
Research Centre Activity Income & Grant Funding							
TOTAL EXPENDITURE - STAFF COSTS	1,224,813	975,507	1,083,258	1,224,813	1,224,813	1,224,813	1,224,813
EXPENDITURE - NON STAFF COSTS							
Teaching Departments	239,000	47,165	219,000	239,000	239,000	239,000	239,000
Teaching Support Services	-	-	-	-	-	-	-
Administration & Central Services	-	-	-	-	-	-	-
Premises	236,100	206,428	247,040	236,100	236,100	236,100	236,100
ASW & Climbing Centre	-	-	-	-	-	-	-
Catering & Residences	-	-	-	-	-	-	-
Other Income Generating Activities	258,467	185,236	213,300	258,467	258,467	258,467	258,467
Research Centre Activity Income & Grant Funding	-	-	-	-	-	-	-
Other Expenses - Childcare	-	-	-	-	-	-	-
Interest Payable	5,000	2,173	3,000	5,000	5,000	5,000	5,000
Depreciation	60,000	27,696	27,696	60,000	60,000	60,000	60,000
TOTAL EXPENDITURE - NON STAFF COSTS	798,567	468,698	710,036	798,567	798,567	798,567	798,567
TOTAL EXPENDITURE	2,023,380	1,444,205	1,793,294	2,023,380	2,023,380	2,023,380	2,023,380
Bursary/ Hardship Grant (Excluding Childcare)							
TOTAL EXPENDITURE INCLUDING BURSARY	2,023,380	1,444,205	1,793,294	2,023,380	2,023,380	2,023,380	2,023,380
SURPLUS/DEFICIT	140,243	37,129	29,079	140,243	140,243	140,243	140,243
Depreciation (net of deferred capital grant)	60,000	27,696	27,696	60,000	60,000	60,000	60,000
Adjusted operating position	200,243	64,825	56,775	200,243	200,243	200,243	200,243

Scenario 2. Budget based on reduced recruitment and only reducing commercial income by 25%. Implement different delivery approaches across all income streams that will increase efficiencies and broaden the market opportunities, including within International markets—likelihood 50%.

	Budget to 31 July 2020	Mid Year Return to 31 July 2020	Budget to 31 July 2021	Forecast for year ended 31 July 2022	Forecast for year ended 31 July 2023	Forecast for year ended 31 July 2024	Forecast for year ended 31 July 2025
INCOME							
Funding Council Grants excluding Research based	15,917,370	15,767,370	16,832,895	16,832,895	16,832,895	16,832,895	16,832,895
UHI Non Recurrent Income	143,568	143,568	143,568	143,568	143,568	143,568	143,568
Tuition Fees & Education Contracts	6,018,592	5,195,816	5,488,903	6,035,341	6,035,341	6,061,341	6,061,341
- Higher education full time	2,920,981	2,920,981	2,920,981	2,920,981	2,920,981	2,920,981	2,920,981
- Higher education part time	97,765	97,765	97,765	97,765	97,765	97,765	97,765
- Further education part time	30,000	30,000	15,000	30,000	30,000	30,000	30,000
- Non vocational	61,117	61,117	48,894	61,117	61,117	61,117	61,117
- Vocational higher education	8,000	8,000	8,000	8,000	8,000	8,000	8,000
- Highers	5,000	5,000	5,000	5,000	5,000	5,000	5,000
- Flexible workforce development fund	137,251	105,000	180,000	180,000	180,000	180,000	180,000
- Modern apprenticeships	180,000	133,762	90,000	180,000	180,000	180,000	180,000
- Foundation apprenticeships	371,855	271,394	278,891	371,855	371,855	371,855	371,855
- Managing Agents	104,000	104,000	52,000	78,000	78,000	104,000	104,000
- AST Tuition fees	2,102,623	1,458,797	1,792,373	2,102,623	2,102,623	2,102,623	2,102,623
Catering & Residences	1,188,321	747,739	891,241	1,188,321	1,188,321	1,188,321	1,188,321
Other Income Generating Activities	1,730,250	877,121	1,035,593	1,674,570	1,683,570	1,694,509	1,754,553
- International	1,103,515	628,916	562,292	1,047,835	1,047,835	1,049,504	1,100,000
- Short Course income	184,000	151,280	138,000	184,000	184,000	184,000	184,000
- Nursery	300,000	66,068	225,000	300,000	309,000	318,270	327,818
- Hairdressing	13,000	6,412	13,000	13,000	13,000	13,000	13,000
- Training restaurant	30,000	17,605	22,500	30,000	30,000	30,000	30,000
- Other	99,735	6,841	74,801	99,735	99,735	99,735	99,735
Research Centre Activity Income & Grant Funding	117,820	229,898	209,820	209,820	209,820	209,820	209,820
Release of Deferred Capital Grant	196,436	219,778	219,778	219,778	219,778	219,778	219,778
ASW & Climbing Centre	494,000	328,459	345,800	518,700	544,635	571,867	600,460
Other Income	604,810	801,775	416,983	610,310	610,310	610,310	610,310
INCOME SUB TOTAL	26,411,167	24,311,524	25,584,581	27,433,303	27,468,238	27,532,409	27,621,046
Bursary/ Hardship Grant (Excluding Childcare)	2,503,371	2,529,477	2,529,477	2,529,477	2,529,477	2,529,477	2,529,477
TOTAL INCOME	28,914,538	26,841,001	28,114,058	29,962,780	29,997,715	30,061,886	30,150,523
EXPENDITURE - STAFF COSTS							
Teaching Departments	12,746,134	12,540,982	13,120,993	13,612,602	14,004,279	14,412,662	14,833,615
Teaching Support Services	2,289,051	2,105,271	2,320,354	2,418,516	2,477,039	2,538,058	2,600,956
Administration & Central Services	2,064,786	2,140,456	2,123,651	2,213,688	2,280,997	2,351,178	2,423,518
Premises	885,862	830,484	911,117	949,746	978,623	1,008,733	1,039,770
ASW & Climbing Centre	391,004	432,532	402,151	419,201	431,947	445,237	458,936
Other Income Generating Activities	523,853	524,563	538,788	561,631	578,708	596,513	614,866
Research Centre Activity Income & Grant Funding	231,170	263,972	237,760	247,840	255,376	263,233	271,332
TOTAL EXPENDITURE - STAFF COSTS	19,131,859	18,838,260	19,654,813	20,423,224	21,006,969	21,615,615	22,242,993
EXPENDITURE - NON STAFF COSTS							
Teaching Departments	854,500	614,919	834,500	866,810	879,366	892,174	905,237
Teaching Support Services	465,000	463,845	465,000	474,300	483,786	493,462	503,331
Administration & Central Services	1,477,351	1,475,968	1,477,351	1,506,898	1,537,036	1,567,776	1,599,132
Premises	1,808,119	1,750,744	1,819,059	1,839,559	1,871,629	1,904,339	1,937,704
ASW & Climbing Centre	183,000	174,954	183,000	186,660	190,393	194,201	198,085
Catering & Residences	1,148,278	914,730	1,148,278	1,171,244	1,194,668	1,218,562	1,242,933
Other Income Generating Activities	760,899	514,632	721,232	773,058	785,459	798,109	811,012
Research Centre Activity Income & Grant Funding	18,200	20,938	18,200	18,564	18,935	19,314	19,700
Other Expenses - Childcare	536,103	536,103	536,103	546,825	557,762	568,917	580,295
Interest Payable	20,000	17,173	18,000	20,300	20,606	20,918	21,236
Depreciation	988,816	1,058,228	1,058,228	1,090,532	1,090,532	1,090,532	1,090,532
TOTAL EXPENDITURE - NON STAFF COSTS	8,260,266	7,542,234	8,278,951	8,494,749	8,630,172	8,768,304	8,909,198
TOTAL EXPENDITURE	27,392,125	26,380,494	27,933,764	28,917,973	29,637,141	30,383,919	31,152,191
Bursary/ Hardship Grant (Excluding Childcare)	2,505,071	2,529,477	2,529,477	2,529,477	2,529,477	2,529,477	2,529,477
TOTAL EXPENDITURE INCLUDING BURSARY	29,897,196	28,909,971	30,463,241	31,447,450	32,166,618	32,913,396	33,681,668
SURPLUS/DEFICIT	(982,658)	(2,068,970)	(2,349,183)	(1,484,670)	(2,168,903)	(2,851,510)	(3,531,145)
Depreciation (net of deferred capital grant)	792,380	838,450	838,450	870,754	870,754	870,754	870,754
Adjusted operating position	(190,278)	(1,230,520)	(1,510,733)	(613,916)	(1,298,149)	(1,980,756)	(2,660,391)

Management accounts	Budget to 31 July 2020	Mid Year Return to 31 July 2020	Budget to 31 July 2021	Forecast for year ended 31 July 2022	Forecast for year ended 31 July 2023	Forecast for year ended 31 July 2024	Forecast for year ended 31 July 2025	Adjustment to create Budget to 31 July 2021	Adjustments 2021/22 to 2024/25
INCOME									
Funding Council Grants excluding Research based	15,917,370	15,767,370	16,832,895	16,832,895	16,832,895	16,832,895	16,832,895	UHI Figures	0%
UHI Non Recurrent Income	143,568	143,568	143,568	143,568	143,568	143,568	143,568	0%	0%
Tuition Fees & Education Contracts	3,915,969	3,737,019	3,696,531	3,932,718	3,932,718	3,958,718	3,958,718		
- Higher education full time	2,920,981	2,920,981	2,920,981	2,920,981	2,920,981	2,920,981	2,920,981	0%	0%
- Higher education part time	97,765	97,765	97,765	97,765	97,765	97,765	97,765	0%	0%
- Further education part time	30,000	30,000	15,000	30,000	30,000	30,000	30,000	-50%	£30k p.a
- Non vocational	61,117	61,117	48,894	61,117	61,117	61,117	61,117	-20%	Full value
- Vocational higher education	8,000	8,000	8,000	8,000	8,000	8,000	8,000	0%	0%
- Higher	5,000	5,000	5,000	5,000	5,000	5,000	5,000	0%	0%
- Flexible workforce development fund	137,251	105,000	180,000	180,000	180,000	180,000	180,000	Full estimate	Full estimate
- Modern apprenticeships	180,000	133,762	90,000	180,000	180,000	180,000	180,000	Half of budget	Full value
- Foundation apprenticeships	371,855	271,394	278,891	371,855	371,855	371,855	371,855	-25%	Full value
- Managing Agents	104,000	104,000	52,000	78,000	78,000	104,000	104,000	-50%	-25% the full value
- AST Tuition fees	-	-	-	-	-	-	-		
Catering & Residences	1,188,321	747,739	891,241	1,188,321	1,188,321	1,188,321	1,188,321	-25%	Full value
Other Income Generating Activities	1,730,250	877,121	1,035,593	1,674,570	1,683,570	1,694,509	1,754,553		
- International	1,103,515	628,916	562,292	1,047,835	1,047,835	1,049,504	1,100,000	Figures agreed 7/7/20	Figures agreed 7/7/20
- Short Course income	184,000	151,280	138,000	184,000	184,000	184,000	184,000	-25%	Full value
- Nursery	300,000	66,068	225,000	300,000	309,000	318,270	327,818	-25%	Full Value then 3%
- Hairdressing	13,000	6,412	13,000	13,000	13,000	13,000	13,000	0%	0%
- Training restaurant	30,000	17,605	22,500	30,000	30,000	30,000	30,000	-25%	Full value
- Other	99,735	6,841	74,801	99,735	99,735	99,735	99,735	-25%	Full value
Research Centre Activity Income & Grant Funding	117,820	229,898	209,820	209,820	209,820	209,820	209,820	0%	0%
Release of Deferred Capital Grant	196,436	219,778	219,778	219,778	219,778	219,778	219,778	0%	0%
ASW & Climbing Centre	494,000	328,459	345,800	518,700	544,635	571,867	600,460	-30%	5%
Other Income	649,310	879,238	486,983	654,810	654,810	654,810	654,810	-25%	Full value
INCOME SUB TOTAL	24,353,044	22,930,190	23,862,208	25,375,180	25,410,115	25,474,286	25,562,923		
Bursary/ Hardship Grant (Excluding Childcare)	2,503,371	2,529,477	2,529,477	2,529,477	2,529,477	2,529,477	2,529,477	UHI Figures	N/A
TOTAL INCOME	26,856,415	25,459,667	26,391,685	27,904,657	27,939,592	28,003,763	28,092,400		
EXPENDITURE - STAFF COSTS									
Teaching Departments	12,015,111	11,946,063	12,511,647	12,881,579	13,273,255	13,681,639	14,102,591	MB Email 16/6/20	
Teaching Support Services	1,795,261	1,724,683	1,846,442	1,924,727	1,983,250	2,044,269	2,107,167	N/A	
Administration & Central Services	2,064,786	2,140,456	2,123,651	2,213,688	2,280,997	2,351,178	2,423,518	N/A	
Premises	885,862	830,484	911,117	949,746	978,623	1,008,733	1,039,770	N/A	
ASW & Climbing Centre	391,004	432,532	402,151	419,201	431,947	445,237	458,936	N/A	
Other Income Generating Activities	523,853	524,563	538,788	561,631	578,708	596,513	614,866	N/A	
Research Centre Activity Income & Grant Funding	231,170	263,972	237,760	247,840	255,376	263,233	271,332	N/A	
TOTAL EXPENDITURE - STAFF COSTS	17,907,047	17,862,753	18,571,555	19,198,411	19,782,156	20,390,802	21,018,180		
EXPENDITURE - NON STAFF COSTS									
Teaching Departments	615,500	567,754	615,500	627,810	640,366	653,174	666,237	0%	2%
Teaching Support Services	465,000	463,845	465,000	474,300	483,786	493,462	503,331	0%	2%
Administration & Central Services	1,477,351	1,475,968	1,477,351	1,506,898	1,537,036	1,567,776	1,599,132	0%	2%
Premises	1,572,019	1,544,316	1,572,019	1,603,459	1,635,529	1,668,239	1,701,604	0%	2%
ASW & Climbing Centre	183,000	174,954	183,000	186,660	190,393	194,201	198,085	0%	2%
Catering & Residences	1,148,278	914,730	1,148,278	1,171,244	1,194,668	1,218,562	1,242,933	0%	2%
Other Income Generating Activities	607,932	429,396	607,932	620,091	632,492	645,142	658,045	0%	2%
Research Centre Activity Income & Grant Funding	18,200	20,938	18,200	18,564	18,935	19,314	19,700	0%	2%
Other Expenses - Childcare	536,103	536,103	536,103	546,825	557,762	568,917	580,295	0%	2%
Interest Payable	15,000	15,000	15,000	15,300	15,606	15,918	16,236	0%	2%
Depreciation	928,816	1,030,532	1,030,532	1,030,532	1,030,532	1,030,532	1,030,532	0%	0%
TOTAL EXPENDITURE - NON STAFF COSTS	7,567,199	7,173,536	7,668,915	7,801,682	7,937,105	8,075,237	8,216,131		
TOTAL EXPENDITURE	25,474,245	25,036,289	26,240,470	27,000,093	27,719,261	28,466,039	29,234,311		
Bursary/ Hardship Grant (Excluding Childcare)	2,505,071	2,529,477	2,529,477	2,529,477	2,529,477	2,529,477	2,529,477	N/A	N/A
TOTAL EXPENDITURE INCLUDING BURSARY	27,979,316	27,565,766	28,769,947	29,529,570	30,248,738	30,995,516	31,763,788		
SURPLUS/DEFICIT	(1,122,901)	(2,106,099)	(2,378,261)	(1,624,913)	(2,309,146)	(2,991,753)	(3,671,388)		
Depreciation (net of deferred capital grant)	732,380	810,754	810,754	810,754	810,754	810,754	810,754	0%	0%
Adjusted operating position	(390,521)	(1,295,345)	(1,567,507)	(814,159)	(1,498,392)	(2,180,999)	(2,860,634)		

Assumed SFC Grant Funding									
FE Credit Funding			8,830,629						
FE Capital			717,329						
FE Childcare			601,277						
HE RAM			6,510,749						
HE REG			36,040						
HE Capital			209,279						
HE PGDE			215,455						
HE MicroRam (as 2019/20)			287,862						
			16,832,895						
FE Bursary + Discretionary			2,529,477						

Management accounts	Budget to 31 July 2020	Mid Year Return to 31 July 2020	Budget to 31 July 2021	Forecast for year ended 31 July 2022	Forecast for year ended 31 July 2023	Forecast for year ended 31 July 2024	Forecast for year ended 31 July 2025
INCOME							
Funding Council Grants excluding Research based	-		-	-	-	-	-
UHI Non Recurrent Income							
Tuition Fees & Education Contracts	2,102,623	1,458,797	1,792,373	2,102,623	2,102,623	2,102,623	2,102,623
- Higher education full time							
- Higher education part time							
- Further education part time							
- Non vocational							
- Vocational higher education							
- Highers							
- Flexible workforce development fund							
- Modern apprenticeships							
- Foundation apprenticeships							
- Managing Agents							
- AST Tuition fees	2,102,623	1,458,797	1,792,373	2,102,623	2,102,623	2,102,623	2,102,623
Catering & Residences							
Other Income Generating Activities	-		-	-	-	-	-
- International							
- Short Course income							
- Nursery							
- Hairdressing							
- Training restaurant							
- Other							
Research Centre Activity Income & Grant Funding							
Release of Deferred Capital Grant							
ASW & Climbing Centre							
Other Income	61,000	22,537	30,000	61,000	61,000	61,000	61,000
INCOME SUB TOTAL	2,163,623	1,481,334	1,822,373	2,163,623	2,163,623	2,163,623	2,163,623
Bursary/ Hardship Grant (Excluding Childcare)							
TOTAL INCOME	2,163,623	1,481,334	1,822,373	2,163,623	2,163,623	2,163,623	2,163,623
EXPENDITURE - STAFF COSTS							
Teaching Departments	731,024	594,919	609,346	731,024	731,024	731,024	731,024
Teaching Support Services	493,789	380,588	473,912	493,789	493,789	493,789	493,789
Administration & Central Services							
Premises							
ASW & Climbing Centre							
Other Income Generating Activities							
Research Centre Activity Income & Grant Funding							
TOTAL EXPENDITURE - STAFF COSTS	1,224,813	975,507	1,083,258	1,224,813	1,224,813	1,224,813	1,224,813
EXPENDITURE - NON STAFF COSTS							
Teaching Departments	239,000	47,165	219,000	239,000	239,000	239,000	239,000
Teaching Support Services	-	-	-	-	-	-	-
Administration & Central Services	-	-	-	-	-	-	-
Premises	236,100	206,428	247,040	236,100	236,100	236,100	236,100
ASW & Climbing Centre	-	-	-	-	-	-	-
Catering & Residences	-	-	-	-	-	-	-
Other Income Generating Activities	258,467	185,236	213,300	258,467	258,467	258,467	258,467
Research Centre Activity Income & Grant Funding	-	-	-	-	-	-	-
Other Expenses - Childcare	-	-	-	-	-	-	-
Interest Payable	5,000	2,173	3,000	5,000	5,000	5,000	5,000
Depreciation	60,000	27,696	27,696	60,000	60,000	60,000	60,000
TOTAL EXPENDITURE - NON STAFF COSTS	798,567	468,698	710,036	798,567	798,567	798,567	798,567
TOTAL EXPENDITURE	2,023,380	1,444,205	1,793,294	2,023,380	2,023,380	2,023,380	2,023,380
Bursary/ Hardship Grant (Excluding Childcare)							
TOTAL EXPENDITURE INCLUDING BURSARY	2,023,380	1,444,205	1,793,294	2,023,380	2,023,380	2,023,380	2,023,380
SURPLUS/DEFICIT	140,243	37,129	29,079	140,243	140,243	140,243	140,243
Depreciation (net of deferred capital grant)	60,000	27,696	27,696	60,000	60,000	60,000	60,000
Adjusted operating position	200,243	64,825	56,775	200,243	200,243	200,243	200,243

Scenario 3. Budget based on indicative assumptions where impact on core recruitment is minimal due to continued blended learning approaches with at least 1 day pw on campus. Commercial income sources are reduced by between 25 and 80% - Likelihood 75%. This scenario is consistent with both the FFR and the College's Scotland return.

	Budget to 31 July 2020	Mid Year Return to 31 July 2020	Budget to 31 July 2021	Forecast for year ended 31 July 2022	Forecast for year ended 31 July 2023	Forecast for year ended 31 July 2024	Forecast for year ended 31 July 2025
INCOME							
Funding Council Grants excluding Research based	15,917,370	15,767,370	16,832,895	16,832,895	16,832,895	16,832,895	16,832,895
UHI Non Recurrent Income	143,568	143,568	143,568	143,568	143,568	143,568	143,568
Tuition Fees & Education Contracts	6,018,592	5,195,816	5,488,903	6,035,341	6,035,341	6,061,341	6,061,341
- Higher education full time	2,920,981	2,920,981	2,920,981	2,920,981	2,920,981	2,920,981	2,920,981
- Higher education part time	97,765	97,765	97,765	97,765	97,765	97,765	97,765
- Further education part time	30,000	30,000	15,000	30,000	30,000	30,000	30,000
- Non vocational	61,117	61,117	48,894	61,117	61,117	61,117	61,117
- Vocational higher education	8,000	8,000	8,000	8,000	8,000	8,000	8,000
- Highers	5,000	5,000	5,000	5,000	5,000	5,000	5,000
- Flexible workforce development fund	137,251	105,000	180,000	180,000	180,000	180,000	180,000
- Modern apprenticeships	180,000	133,762	90,000	180,000	180,000	180,000	180,000
- Foundation apprenticeships	371,855	271,394	278,891	371,855	371,855	371,855	371,855
- Managing Agents	104,000	104,000	52,000	78,000	78,000	104,000	104,000
- AST Tuition fees	2,102,623	1,458,797	1,792,373	2,102,623	2,102,623	2,102,623	2,102,623
Catering & Residences	1,188,321	747,739	712,993	1,188,321	1,188,321	1,188,321	1,188,321
Other Income Generating Activities	1,730,250	877,121	957,160	1,674,570	1,683,570	1,694,509	1,754,553
- International	1,103,515	628,916	562,292	1,047,835	1,047,835	1,049,504	1,100,000
- Short Course income	184,000	151,280	92,000	184,000	184,000	184,000	184,000
- Nursery	300,000	66,068	225,000	300,000	309,000	318,270	327,818
- Hairdressing	13,000	6,412	13,000	13,000	13,000	13,000	13,000
- Training restaurant	30,000	17,605	15,000	30,000	30,000	30,000	30,000
- Other	99,735	6,841	49,868	99,735	99,735	99,735	99,735
Research Centre Activity Income & Grant Funding	117,820	229,898	209,820	209,820	209,820	209,820	209,820
Release of Deferred Capital Grant	196,436	219,778	219,778	219,778	219,778	219,778	219,778
ASW & Climbing Centre	494,000	328,459	345,800	518,700	544,635	571,867	600,460
Other Income	604,810	801,775	304,655	610,310	610,310	610,310	610,310
INCOME SUB TOTAL	26,411,167	24,311,524	25,215,571	27,433,303	27,468,238	27,532,409	27,621,046
Bursary/ Hardship Grant (Excluding Childcare)	2,503,371	2,529,477	2,529,477	2,529,477	2,529,477	2,529,477	2,529,477
TOTAL INCOME	28,914,538	26,841,001	27,745,048	29,962,780	29,997,715	30,061,886	30,150,523
EXPENDITURE - STAFF COSTS							
Teaching Departments	12,746,134	12,540,982	13,120,993	13,612,602	14,004,279	14,412,662	14,833,615
Teaching Support Services	2,289,051	2,105,271	2,320,354	2,418,516	2,477,039	2,538,058	2,600,956
Administration & Central Services	2,064,786	2,140,456	2,123,651	2,213,688	2,280,997	2,351,178	2,423,518
Premises	885,862	830,484	911,117	949,746	978,623	1,008,733	1,039,770
ASW & Climbing Centre	391,004	432,532	402,151	419,201	431,947	445,237	458,936
Other Income Generating Activities	523,853	524,563	538,788	561,631	578,708	596,513	614,866
Research Centre Activity Income & Grant Funding	231,170	263,972	237,760	247,840	255,376	263,233	271,332
TOTAL EXPENDITURE - STAFF COSTS	19,131,859	18,838,260	19,654,813	20,423,224	21,006,969	21,615,615	22,242,993
EXPENDITURE - NON STAFF COSTS							
Teaching Departments	854,500	614,919	834,500	866,810	879,366	892,174	905,237
Teaching Support Services	465,000	463,845	465,000	474,300	483,786	493,462	503,331
Administration & Central Services	1,477,351	1,475,968	1,477,351	1,506,898	1,537,036	1,567,776	1,599,132
Premises	1,808,119	1,750,744	1,819,059	1,839,559	1,871,629	1,904,339	1,937,704
ASW & Climbing Centre	183,000	174,954	183,000	186,660	190,393	194,201	198,085
Catering & Residences	1,148,278	914,730	1,148,278	1,171,244	1,194,668	1,218,562	1,242,933
Other Income Generating Activities	760,899	514,632	721,232	773,058	785,459	798,109	811,012
Research Centre Activity Income & Grant Funding	18,200	20,938	18,200	18,564	18,935	19,314	19,700
Other Expenses - Childcare	536,103	536,103	536,103	546,825	557,762	568,917	580,295
Interest Payable	20,000	17,173	18,000	20,300	20,606	20,918	21,236
Depreciation	988,816	1,058,228	1,058,228	1,090,532	1,090,532	1,090,532	1,090,532
TOTAL EXPENDITURE - NON STAFF COSTS	8,260,266	7,542,234	8,278,951	8,494,749	8,630,172	8,768,304	8,909,198
TOTAL EXPENDITURE	27,392,125	26,380,494	27,933,764	28,917,973	29,637,141	30,383,919	31,152,191
Bursary/ Hardship Grant (Excluding Childcare)	2,505,071	2,529,477	2,529,477	2,529,477	2,529,477	2,529,477	2,529,477
TOTAL EXPENDITURE INCLUDING BURSARY	29,897,196	28,909,971	30,463,241	31,447,450	32,166,618	32,913,396	33,681,668
SURPLUS/DEFICIT	(982,658)	(2,068,970)	(2,718,192)	(1,484,670)	(2,168,903)	(2,851,510)	(3,531,145)
Depreciation (net of deferred capital grant)	792,380	838,450	838,450	870,754	870,754	870,754	870,754
Adjusted operating position	(190,278)	(1,230,520)	(1,879,742)	(613,916)	(1,298,149)	(1,980,756)	(2,660,391)

Management accounts	Budget to 31 July 2020	Mid Year Return to 31 July 2020	Budget to 31 July 2021	Forecast for year ended 31 July 2022	Forecast for year ended 31 July 2023	Forecast for year ended 31 July 2024	Forecast for year ended 31 July 2025	Adjustment to create Budget to 31 July 2021	Adjustments 2021/22 to 2024/25
INCOME									
Funding Council Grants excluding Research based	15,917,370	15,767,370	16,832,895	16,832,895	16,832,895	16,832,895	16,832,895	UHI Figures	0%
UHI Non Recurrent Income	143,568	143,568	143,568	143,568	143,568	143,568	143,568	0%	0%
Tuition Fees & Education Contracts	3,915,969	3,737,019	3,696,531	3,932,718	3,932,718	3,958,718	3,958,718		
- Higher education full time	2,920,981	2,920,981	2,920,981	2,920,981	2,920,981	2,920,981	2,920,981	0%	0%
- Higher education part time	97,765	97,765	97,765	97,765	97,765	97,765	97,765	0%	0%
- Further education part time	30,000	30,000	15,000	30,000	30,000	30,000	30,000	-50%	£30k p.a
- Non vocational	61,117	61,117	48,894	61,117	61,117	61,117	61,117	-20%	Full value
- Vocational higher education	8,000	8,000	8,000	8,000	8,000	8,000	8,000	0%	0%
- Higher	5,000	5,000	5,000	5,000	5,000	5,000	5,000	0%	0%
- Flexible workforce development fund	137,251	105,000	180,000	180,000	180,000	180,000	180,000	Full estimate	Full estimate
- Modern apprenticeships	180,000	133,762	90,000	180,000	180,000	180,000	180,000	Half of budget	Full value
- Foundation apprenticeships	371,855	271,394	278,891	371,855	371,855	371,855	371,855	-25%	Full value
- Managing Agents	104,000	104,000	52,000	78,000	78,000	104,000	104,000	-50%	-25% the full value
- AST Tuition fees	-	-	-	-	-	-	-		
Catering & Residences	1,188,321	747,739	712,993	1,188,321	1,188,321	1,188,321	1,188,321	-40%	Full value
Other Income Generating Activities	1,730,250		957,160	1,674,570	1,683,570	1,694,509	1,754,553		
- International	1,103,515	628,916	562,292	1,047,835	1,047,835	1,049,504	1,100,000	Figures agreed 7/7/20	Figures agreed 7/7/20
- Short Course income	184,000	151,280	92,000	184,000	184,000	184,000	184,000	-50%	Full value
- Nursery	300,000	66,068	225,000	300,000	309,000	318,270	327,818	-25%	Full Value then 3%
- Hairdressing	13,000	6,412	13,000	13,000	13,000	13,000	13,000	0%	0%
- Training restaurant	30,000	17,605	15,000	30,000	30,000	30,000	30,000	-50%	Full value
- Other	99,735	6,841	49,868	99,735	99,735	99,735	99,735	-50%	Full value
Research Centre Activity Income & Grant Funding	117,820	229,898	209,820	209,820	209,820	209,820	209,820	0%	0%
Release of Deferred Capital Grant	196,436	219,778	219,778	219,778	219,778	219,778	219,778	0%	0%
ASW & Climbing Centre	494,000	328,459	345,800	518,700	544,635	571,867	600,460	-30%	5%
Other Income	649,310	879,238	374,655	654,810	654,810	654,810	654,810	-50%	Full value
INCOME SUB TOTAL	24,353,044	22,930,190	23,493,199	25,375,180	25,410,115	25,474,286	25,562,923		
Bursary/ Hardship Grant (Excluding Childcare)	2,503,371	2,529,477	2,529,477	2,529,477	2,529,477	2,529,477	2,529,477	UHI Figures	N/A
TOTAL INCOME	26,856,415	25,459,667	26,022,676	27,904,657	27,939,592	28,003,763	28,092,400		
EXPENDITURE - STAFF COSTS									
Teaching Departments	12,015,111	11,946,063	12,511,647	12,881,579	13,273,255	13,681,639	14,102,591	MB Email 16/6/20	
Teaching Support Services	1,795,261	1,724,683	1,846,442	1,924,727	1,983,250	2,044,269	2,107,167	N/A	
Administration & Central Services	2,064,786	2,140,456	2,123,651	2,213,688	2,280,997	2,351,178	2,423,518	N/A	
Premises	885,862	830,484	911,117	949,746	978,623	1,008,733	1,039,770	N/A	
ASW & Climbing Centre	391,004	432,532	402,151	419,201	431,947	445,237	458,936	N/A	
Other Income Generating Activities	523,853	524,563	538,788	561,631	578,708	596,513	614,866	N/A	
Research Centre Activity Income & Grant Funding	231,170	263,972	237,760	247,840	255,376	263,233	271,332	N/A	
TOTAL EXPENDITURE - STAFF COSTS	17,907,047	17,862,753	18,571,555	19,198,411	19,782,156	20,390,802	21,018,180		
EXPENDITURE - NON STAFF COSTS									
Teaching Departments	615,500	567,754	615,500	627,810	640,366	653,174	666,237	0%	2%
Teaching Support Services	465,000	463,845	465,000	474,300	483,786	493,462	503,331	0%	2%
Administration & Central Services	1,477,351	1,475,968	1,477,351	1,506,898	1,537,036	1,567,776	1,599,132	0%	2%
Premises	1,572,019	1,544,316	1,572,019	1,603,459	1,635,529	1,668,239	1,701,604	0%	2%
ASW & Climbing Centre	183,000	174,954	183,000	186,660	190,393	194,201	198,085	0%	2%
Catering & Residences	1,148,278	914,730	1,148,278	1,171,244	1,194,668	1,218,562	1,242,933	0%	2%
Other Income Generating Activities	607,932	429,396	607,932	620,091	632,492	645,142	658,045	0%	2%
Research Centre Activity Income & Grant Funding	18,200	20,938	18,200	18,564	18,935	19,314	19,700	0%	2%
Other Expenses - Childcare	536,103	536,103	536,103	546,825	557,762	568,917	580,295	0%	2%
Interest Payable	15,000	15,000	15,000	15,300	15,606	15,918	16,236	0%	2%
Depreciation	928,816	1,030,532	1,030,532	1,030,532	1,030,532	1,030,532	1,030,532	0%	0%
TOTAL EXPENDITURE - NON STAFF COSTS	7,567,199	7,173,536	7,668,915	7,801,682	7,937,105	8,075,237	8,216,131		
TOTAL EXPENDITURE	25,474,245	25,036,289	26,240,470	27,000,093	27,719,261	28,466,039	29,234,311		
Bursary/ Hardship Grant (Excluding Childcare)	2,505,071	2,529,477	2,529,477	2,529,477	2,529,477	2,529,477	2,529,477	N/A	N/A
TOTAL EXPENDITURE INCLUDING BURSARY	27,979,316	27,565,766	28,769,947	29,529,570	30,248,738	30,995,516	31,763,788		
SURPLUS/DEFICIT	(1,122,901)	(2,106,099)	(2,747,271)	(1,624,913)	(2,309,146)	(2,991,753)	(3,671,388)		
Depreciation (net of deferred capital grant)	732,380	810,754	810,754	810,754	810,754	810,754	810,754	0%	0%
Adjusted operating position	(390,521)	(1,295,345)	(1,936,517)	(814,159)	(1,498,392)	(2,180,999)	(2,860,634)		

Assumed SFC Grant Funding									
FE Credit Funding			8,830,629						
FE Capital			717,329						
FE Childcare			601,277						
HE RAM			6,510,749						
HE REG			36,040						
HE Capital			209,279						
HE PGDE			215,455						
HE MicroRam (as 2019/20)			287,862						
			16,832,895						
FE Bursary + Discretionary			2,529,477						

Management accounts	Budget to 31 July 2020	Mid Year Return to 31 July 2020	Budget to 31 July 2021	Forecast for year ended 31 July 2022	Forecast for year ended 31 July 2023	Forecast for year ended 31 July 2024	Forecast for year ended 31 July 2025
INCOME							
Funding Council Grants excluding Research based	-		-	-	-	-	-
UHI Non Recurrent Income							
Tuition Fees & Education Contracts	2,102,623	1,458,797	1,792,373	2,102,623	2,102,623	2,102,623	2,102,623
- Higher education full time							
- Higher education part time							
- Further education part time							
- Non vocational							
- Vocational higher education							
- Highers							
- Flexible workforce development fund							
- Modern apprenticeships							
- Foundation apprenticeships							
- Managing Agents							
- AST Tuition fees	2,102,623	1,458,797	1,792,373	2,102,623	2,102,623	2,102,623	2,102,623
Catering & Residences							
Other Income Generating Activities	-		-	-	-	-	-
- International							
- Short Course income							
- Nursery							
- Hairdressing							
- Training restaurant							
- Other							
Research Centre Activity Income & Grant Funding							
Release of Deferred Capital Grant							
ASW & Climbing Centre							
Other Income	61,000	22,537	30,000	61,000	61,000	61,000	61,000
INCOME SUB TOTAL	2,163,623	1,481,334	1,822,373	2,163,623	2,163,623	2,163,623	2,163,623
Bursary/ Hardship Grant (Excluding Childcare)							
TOTAL INCOME	2,163,623	1,481,334	1,822,373	2,163,623	2,163,623	2,163,623	2,163,623
EXPENDITURE - STAFF COSTS							
Teaching Departments	731,024	594,919	609,346	731,024	731,024	731,024	731,024
Teaching Support Services	493,789	380,588	473,912	493,789	493,789	493,789	493,789
Administration & Central Services							
Premises							
ASW & Climbing Centre							
Other Income Generating Activities							
Research Centre Activity Income & Grant Funding							
TOTAL EXPENDITURE - STAFF COSTS	1,224,813	975,507	1,083,258	1,224,813	1,224,813	1,224,813	1,224,813
EXPENDITURE - NON STAFF COSTS							
Teaching Departments	239,000	47,165	219,000	239,000	239,000	239,000	239,000
Teaching Support Services	-	-	-	-	-	-	-
Administration & Central Services	-	-	-	-	-	-	-
Premises	236,100	206,428	247,040	236,100	236,100	236,100	236,100
ASW & Climbing Centre	-	-	-	-	-	-	-
Catering & Residences	-	-	-	-	-	-	-
Other Income Generating Activities	258,467	185,236	213,300	258,467	258,467	258,467	258,467
Research Centre Activity Income & Grant Funding	-	-	-	-	-	-	-
Other Expenses - Childcare	-	-	-	-	-	-	-
Interest Payable	5,000	2,173	3,000	5,000	5,000	5,000	5,000
Depreciation	60,000	27,696	27,696	60,000	60,000	60,000	60,000
TOTAL EXPENDITURE - NON STAFF COSTS	798,567	468,698	710,036	798,567	798,567	798,567	798,567
TOTAL EXPENDITURE	2,023,380	1,444,205	1,793,294	2,023,380	2,023,380	2,023,380	2,023,380
Bursary/ Hardship Grant (Excluding Childcare)							
TOTAL EXPENDITURE INCLUDING BURSARY	2,023,380	1,444,205	1,793,294	2,023,380	2,023,380	2,023,380	2,023,380
SURPLUS/DEFICIT	140,243	37,129	29,079	140,243	140,243	140,243	140,243
Depreciation (net of deferred capital grant)	60,000	27,696	27,696	60,000	60,000	60,000	60,000
Adjusted operating position	200,243	64,825	56,775	200,243	200,243	200,243	200,243

Perth College UHI

Paper No.3

Committee	Perth College Board
Subject	AST Interim Budget – Update to Financials and Assumptions
Date of Committee meeting	01/07/2020
Author	Mark Taylor – AST General Manager
Date paper prepared	01/07/2020
Executive summary of the paper	<p>The purpose of this paper is to inform the AST and Perth College boards of the changes that have happened on Income and Expenditure since the AST Interim Budget was created in April 2020.</p> <p>The Interim Budget is only intended to survive until autumn 2020 when it will be superseded by a full Business Plan submission. This will allow more certainty as it will follow the planned restart of face to face teaching of AST in August plus the seasonal start of new courses in September 2020. There will hopefully also be more understanding of the impact of Covid-19 on worldwide aviation markets and, more specifically, the likely recovery rates in airline activity, aircraft maintenance and therefore the impact on aviation engineering training demand.</p>
Consultation How has consultation with partners been carried out?	n/a
Action requested	<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

Resource implications (If yes, please provide details)	NO
Risk implications (If yes, please provide details)	None Click or tap here to enter text.
Link with strategy Please highlight how the paper links to the Strategic Plan, or assist with: <ul style="list-style-type: none"> • Compliance • National Student Survey • partnership services • risk management • other activity [e.g. new opportunity] – please provide further information 	Initial budget approval for FY 2020/21
<u>Equality and diversity</u> Yes/ No If yes, please give details:	NO
Island communities 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

Perth College UHI

<u>Data Protection</u> Does this activity/ proposal require a Data Protection Impact Assessment?	NO Click or tap here to enter text.
Status (e.g. confidential/non confidential)	Non Confidential
Freedom of information Can this paper be included in "open" business?	Commercial confidentiality as some contracted customers named

* 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 checked="" type="checkbox"/>	Its disclosure would constitute a breach of confidence actionable in court	<input checked="" 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



Air Service Training Limited

Interim Budget 2020/21 (created April 2020)

Update to Financials & Assumptions

13th July 2020

Mark Taylor

Introduction

The purpose of this paper is to inform the AST and Perth College boards of the changes that have happened on Income and Expenditure since the AST Interim Budget was created in April 2020.

The situation remains that the Interim Budget is only intended to survive until autumn 2020 when it will be superseded by a full Business Plan submission. This will allow more certainty as it will follow the planned restart of face to face teaching of AST in August plus the seasonal start of new courses in September 2020. There will hopefully also be more understanding of the impact of Covid-19 on worldwide aviation markets and, more specifically, the likely recovery rates in airline activity, aircraft maintenance and therefore the impact on aviation engineering training demand.

For ease of presentation the original April budget is shown as Green with the Current version in Yellow.

The following comments all refer to the attached spreadsheet, an extract of which is shown below.

AST Management Accounts	20/21 Original Budget	20/21 Current	Comments
INCOME			
Training Income	1,792,373	1,735,166	
Consultancy	-	-	
Travel Expenses Recharged to customers	30,000	30,000	
Other Income	-	-	
Total income	1,822,373	1,765,166	
	341,039	(57,207)	
EXPENDITURE			
Total - Direct Costs	828,346	750,703	
Total Indirect Costs	937,252	948,408	
	-	-	
TRADING PROFIT	56,775	66,055	
Original Version discussed by board [date]	NET PROFIT	133,900	133,900
Difference	(77,125)	(67,845)	
	-	-	
Salary Holiday until 31/12/2020 for Staff	(49,347)	(49,347)	Unlikely to be sustainable after Sept 2020?
Salary Holiday until 31/12/2020 for Managers	(27,779)	(27,779)	Unlikely to be sustainable after Sept 2020?
Depreciation charge not included in ORIGINAL 20/21 AST budget		(27,696)	
CHANGES TO INCOME			
Shortfall on C267 (6 x £8,032 v planned 8 x £11, 293 average fees)		(42,152)	Opportunity to mitigate before Sept 2020
Move of C268 from May to March 21 start		14,152	
C.A.T. GEMS Examinations Contract		50,893	
Less - cost of GEMS package from ASTech		(33,000)	
Loss of Air Mauritius		(30,000)	
Loss of 10 students from Perth College BSC Cohort 2		(46,800)	Course starts Sept 2020
Pitot Aviation Consultancy		29,700	Contract signed 13/07/2020 for £48,400
CHANGES TO EXPENDITURE			
Reduction in Instructor Costs (1 x 50% contract from 1/1/21)		24,143	
UK Government Furlough Bonus (13 staff excluding MW @ £1k)		13,000	
Reduce Instructor Travel from £80k to £50k		30,000	Reflects reduction in activity, reduced recharges etc
Reduce Instructor Overseas Allowance		3,500	Reduction proportional to Overseas Travel reduction
Reduced Staff Pension Contribution		2,000	Current monthly charge £512.65 less than 19/20 spend
Reduced Rates for Scone		11,540	PKC Rates Bill now received for period to March 2021
Reduced External Training for Students (AMET)		10,000	136 student weeks @ £250 = £34k
Total changes	(77,126)	(67,846)	
Unexplained differences	(1)	(1)	

Original Budget (Green)

This is the April AST Interim Budget, first presented at the April 2020 AST board meeting and subsequently shared with Perth College main board.

The first most obvious point is that there are two identified profit figures, the first being Trading Profit of £56,775 and the second being the Net Profit of £133,900. This is important as it shows that as presented in April, the increased Net Profit was not delivered through operations but from the assumption that the 80% Salary Holiday, which saves £77,126, would persist until December 2020.

This has been discussed previously at AST Board as there is concern about that assumption, not least because it currently looks like the restart in August and the likely courses starts in September mean that all instructors will be fully deployed from August onwards. Indeed, the instructional programme can only be delivered in October and November by utilising some managers as instructors.

AST staff have made a significant personal commitment to AST sustainment, with the period April to July showing an “investment” of £61,700 saving cash at a critical point for AST and contributing to the 2019/20 forecast profit.

EY, as part of their Going Concern review have also highlighted their concern about this assumption.

Current Outlook (Yellow)

This is where it gets pretty interesting as there have been a lot of movements, positive & negative regarding Income, with significant work done on business winning but with some adverse movements impacting the current position. Significant work has taken place on mitigation, largely by reducing expenditure.

The net effect of this is that despite positive results in winning CAT GEMS and Pitot Aviation Consultancy, together with the benefit of moving C268 start date forwards to March 2021, the net effect on Income has been a reduction of £57,207.

The adverse Income movements are:

- Under booking on C267. This was possibly to be expected given Covid-19 but the reluctance of the government to give clear positive guidance on Tier 4 visa has impacted overseas students. This reduces planned income by £42,152 and is taken as a full impact, although there is a possibility of some mitigation, even excess, if the Tier 4 visa process allows AST to recruit overseas students. There are 4-6 prospective candidates held visas. The full and proactive support of the Perth College international team is required to deliver this mitigation.
- Air Mauritius are in administration so the £30,000 assumed income for 2020/21 is now formally seen as lost
- On Friday 10th July Perth College advised a shortfall of 10 students for the new intake in September 2020. This was quite unexpected to AST and will result in an uneconomic course given the non-commercial rates for this programme.

The positive Income movements are:

- The Modern Apprenticeship (MA) programme is a sandwich, with 6 months in college and 6 months in the workplace, with the cycle continuing for 4 years. To enable the MA students to dovetail into existing AST programmes this has required the traditional May start to move to March. Advancing C268 to March 2021 gives a positive increase in income of £14,152 assuming student numbers are achieved.
- CAT (Kuwait) have contracted with AST for the provision of an electronic examinations system, which will also be used by AST. Gross income of £50,893 with net costs of £33,000 for software licenses etc. This is shown as a net £17,893 on Sales
- Pitot Aviation (Egypt), a long term prospect for consultancy, have finally signed on 13th July 2020 a contract for £48,400 for delivery of services in 2020/21. Given the stop / start relationship with Pitot and the impact Egyptian politics can have on projects, a prudent approach has been taken with a Sales value of £29,700 being assumed, representing completion of the first 2 phases of a 3 phase project

Regarding Expenditure, there are revised assumptions on a number of items whilst other budget figures have been revised as firm information arrived (eg PKC rates).

- Depreciation charge – when depreciation on new training aids was deleted from the Covid-19 (March 2020) re-forecast as all planned investment was halted, depreciation of the existing training aids was erroneously deleted. Re-instating this for FY2020/21 impacts margin by £27,696.
- Reduction in Instructor Costs – one instructor is taking a 50% role from January 2021, saving £24,143 in the financial year
- UK Furlough Scheme Bonus - AST has 14 staff on furlough potentially eligible for the UK government bonus of £1k. A £13k upside is assumed in February 2021, with the assumption that the 50% instructor will not be eligible.
- Reduce Instructor Travel – £30k reduction from £80k to £50k assumed to reflect reduced travel expectations in the post-Covid-19 environment
- Reduced Overseas Allowance – whilst just £3,500 this reflects the lower Overseas Travel assumption
- Reduced Staff Contribution – the saving of £2,000 represents the lower salary expenditure by AST
- Reduced Rates for Scone – the PKC rates bill to March 2021 has now been received and is lower than anticipated, allowing a saving of £11,540
- External Training for Students (AMET) – each approved student has 8 weeks on the job training in industry at the completion of their course. AST allow £250/week for each student and with the reduced number of students a lower than typical spend of £4,000 is anticipated, saving £10,000

The total benefit of these changes in Expenditure are reductions of £94,183, less the re-instated depreciation charge of £27,696, so a net reduction of £66,487.

With Income reduced by £57,207 but Expenditure falling by £66,487, the impact on Trading Profit is actually to improve it by £9,280 from £56,775 to £66,055

Next Steps

AST will continue to work to deliver existing contracted income and to seek to progress further business plan improvements. These will be more fully presented in the proposed full Business Plan to be produced in autumn 2020.

Clearly the bulk of the improvement will have to come from income as there is little or no prospect of further reducing other charges. Indeed, depending on business won, some categories might need additional expenditure, eg instructor travel.

There are a number of opportunities not included in the above:

- Modular Bookings for August onwards are higher than expected at March 2020...this needs to be quantified
- Possible additional weeks on QEAF + AMET opportunities.....audit costs will be a positive to income during 2020/21 but income benefit will be in later years
- CAT Recurrent training for instructors....estimated at 9 days per annum (18 days per 2 year cycle), so say $9 \times £400 = £3,600$ plus expenses
- Royal Norwegian Air Force / Nova Systems – an opportunity to supply instructors with a longer term opportunity regarding a second approved site in-country
- Further consultancy opportunities with AVENG (Greece) or Maldives, potentially a further £30,000
- Cohort 2 BSC course is uneconomic to AST at £88,240 gross income (£72,064 after paying PC Staff charges) Contract discussions will be held with PC
- RAFO possible additional course....too soon to quantify but potentially £10,000
- Prestwick (Ryanair) have intimated they will have a short course in Autumn 2020 to augment their usual Summer programme, now expected May or June 2021

Request for Budget Approval

AST are requesting approval of this initial budget, delivering a Trading Profit of £66,055 for FY 2020/21.

This approval would allow AST to re-instate 100% salaries for all staff members from 1st August 2020, a decision that would be well received given the sacrifice they have made over the past months and also the rate at which they will be working when AST recommences face to face training from 3rd August 2020.

The Trading Profit would be subject to taxation considerations regarding depreciation and other matters so would not translate directly to the Gift Aid amount that would be made to Perth College. It is suggested that figure should be calculated as part of the full Business plan submission in autumn 2020.

Mark Taylor

AST General Manager

13th July 2020

AST Board Paper

AST Management Accounts	20/21 Original Budget	20/21 Current	Comments
INCOME			
Training Income	1,792,373	1,735,166	
Consultancy	-	-	
Travel Expenses Recharged to customers	30,000	30,000	
Other Income	-	-	
Total income	1,822,373	1,765,166	
EXPENDITURE			
	341,039	(57,207)	
Direct costs - Lecturing			
Salaries Lecturers	609,346	575,203	
Organisation adjustments		-	
Additional Instructor (2 off)		-	
Lecturing recharges from Perth College		-	
Overseas Allowance	16,000	12,500	
Training Equipment & Consumables	12,000	12,000	
External Training for Students	44,000	34,000	
Approving/Examining Body (CAA)	50,000	50,000	
Staff Training including IIP	5,000	5,000	
Travel - Lecturing	80,000	50,000	
Miscellaneous	5,000	5,000	
Corporate Workwear	7,000	7,000	
Total - Direct Costs	828,346	750,703	
		-	
LECTURING PROFIT/(LOSS)	994,027	1,014,463	
Indirect Costs		-	
Salaries - Managers & Administration	463,912	460,912	
Adjustments for HR		-	
Staff pension Scheme & Life Assurance	10,000	8,000	
Car Parking Passes	1,800	1,800	
Rent at Scone	110,000	110,000	
Rates at Scone	59,040	47,500	
Insurance at Scone	12,000	12,000	
Light, Heat & Power	24,000	24,000	
Property Maintenance at Scone	24,000	24,000	
Telephone at Scone & Mobiles	18,000	18,000	
Training Aids & Equipment		-	
Transport Costs	12,000	12,000	
Legal & Audit Fee	20,000	20,000	
Provision for Doubtful Debts	12,000	12,000	
Postage & Stationery	2,000	2,000	
Computer Maint. & Software (incl Website)	10,000	10,000	
IT (Replacement PCs)		-	
Subscriptions	7,500	7,500	
Bank Charges	3,000	3,000	
College Management Charge	100,000	100,000	
Marketing & Advertising (inc Travel)	40,000	40,000	
Agents commission	3,000	3,000	
Extraordinary Items- One off	5,000	5,000	
Digitisation / New Planner		-	
Support to TCD and Other Growth Deals		-	
Depreciation (new investments below)		27,696	
Miscellaneous		-	
Total Indirect Costs	937,252	948,408	
		-	
TRADING PROFIT	56,775	66,055	
Original Version discussed by board [date]	NET PROFIT	133,900	133,900
Difference	(77,125)	(67,845)	
		-	
Salary Holiday until 31/12/2020 for Staff	(49,347)	(49,347)	Unlikely to be sustainable after Sept 2020?
Salary Holiday until 31/12/2020 for Managers	(27,779)	(27,779)	Unlikely to be sustainable after Sept 2020?
Depreciation charge not included in ORIGINAL 20/21 AST budget		(27,696)	
CHANGES TO INCOME			
Shortfall on C267 (6 x £8,032 v planned 8 x £11, 293 average fees)		(42,152)	Opportunity to mitigate before Sept 2020
Move of C268 from May to March 21 start		14,152	
C.A.T. GEMS Examinations Contract		50,893	
Less - cost of GEMS package from ASTech		(33,000)	
Loss of Air Mauritius		(30,000)	
Loss of 10 students from Perth College BSC Cohort 2		(46,800)	Course starts Sept 2020
Pitot Aviation Consultancy		29,700	Contract signed 13/07/2020 for £48,400
CHANGES TO EXPENDITURE			
Reduction in Instructor Costs (1 x 50% contract from 1/1/21)		24,143	
UK Government Furlough Bonus (13 staff excluding MW @ £1k)		13,000	
Reduce Instructor Travel from £80k to £50k		30,000	Reflects reduction in activity, reduced recharges etc
Reduce Instructor Overseas Allowance		3,500	Reduction proportional to Overseas Travel reduction
Reduced Staff Pension Contribution		2,000	Current monthly charge £512.65 less than 19/20 spend
Reduced Rates for Scone		11,540	PKC Rates Bill now received for period to March 2021
Reduced External Training for Students (AMET)		10,000	136 student weeks @ £250 = £34k
Total changes	(77,126)	(67,846)	
Unexplained differences	(1)	(1)	



Air Service Training Limited

Initial Budget 2020-21

Working Assumptions & Notes

19th June 2020

Issue 1

Mark Taylor

Introduction

To assist in VC discussions and review, this paper is presented as bulleted points rather than normal paragraphed text.

1. This document provides details and assumptions used in creating an Initial Budget for AST for FY2020/21, starting 1st August 2020 onwards.
2. The AST Board have agreed the impact of Covid-19 on normal AST operations has been significant. This is further compounded by AST being an aviation training services provider and as such is operating in one of the worst impacted sectors of the world economy, with airlines including national carriers failing and OEMS savagely cutting new airliner build rates. There is little or no independent information or consensus on future market sizes or the rate of recovery to historic or future income levels.

This paper does however include observations about trends and occurrences in the market.

3. The other, more local, uncertainty is the willingness and ability of current and future AST students to travel to Perth given their personal views regarding the Covid-19 pandemic, plus of course the travel restrictions that might be placed on them by their own or the UK governments.
4. Given the above, it is important to note that this is an Initial Budget for 2020/21 that assumes AST is allowed to recommence face to face training in August and allows AST to start the new financial year with an authorised budget.

For the avoidance of doubt, this Initial Budget is not a business plan.

5. The intention is that once re-start happens and once there is a clearer understanding both on student numbers and also the willingness of AST's overseas and commercial sponsors to commit for future training, then the budget will be reviewed and new targets agreed. This will be presented as a Business Plan, to include the normally expected sections on market analysis and hopefully at a time of more certainty and timelines than it is currently possible to describe.
6. It is proposed that the second phase budget activity occurs during September / early October as by then it will be clear how / if AST re-started face to face training and to what numbers of students. Airlines and aircraft maintenance organisations will also have re-started their operations, at least at some level and will also either have achieved their employee actions (eg redundancies / cancellations of trainee contracts) or at least know what they intend to do over the immediate period of 1-2 years.
7. In support of the above process. AST's external auditors, EY, are seeking Going Concern assurances from the AST Board which has resulted in a separate paper, based on this Initial Budget, that is analysing the risk issues regarding sales and cash under various scenarios including percentage reductions in income, a delayed re-start or a Second Spike.
8. Reviewers are therefore encouraged to read both this Initial Budget paper on Working Assumptions & Notes, plus the Going Concern paper.

Background

9. AST stopped face to face instructing on 20th March 2020 following government and Perth College guidelines on social distancing and business lockdown as a result of the Covid-19 pandemic.

10. As an immediate cash saving action, 21 of 27 staff accepted a salary reduction to 80%, leaving the lowest paid support staff on 100% salaries.
11. Shortly afterwards, the announcement of the Corona Virus Job Retention Scheme was announced, allowing initially 13 of 27 staff to be furloughed during April and May, with 14 staff from the beginning of June.
12. From a business perspective, the initial focus was on activities necessary to get to the end of FY 2019/20 on 31st July 2020, whilst also commencing distance learning activities with the now-dispersed AST student base.
13. With minimal income remaining for the remainder of the year, these actions largely consisted of reducing as much as possible any expenditure, whilst aggressively attacking the debtor profile.

This last action recognised that the biggest risk to AST continuation was the business running out of cash.

14. The success of these actions is demonstrated by the fact that AST will be able to get through to FY 2020/21 on 1st August 2020 without recourse to college, third party or government support, other than the furlough scheme money.
15. Whilst both UK and Scottish governments have been very vocal about the unprecedented support offered to business in the form of very low or interest free loans, grants and the Job Retention Scheme, it was a disappointment to find that AST's ownership by Perth College means AST is only eligible for the furlough scheme.
16. During this period AST was also able to make the final Gift Aid payment of £210,776 before the end of April, meaning AST's total Gift Aid contribution to college funds was £226,324.
17. The Initial Budget was constructed in April 2020 and first presented to the AST Board on 15th April, along with various Stress Tests using EY advice. These have now been incorporated into the separate Going Concern Paper.
18. The assumptions and notes below refer to the situation in April 2020 when the Initial Budget was initially presented to the AST Board. Where there has been a material change then a note has been made but numbers have not been revised in the Initial Budget, recognising that all numbers will be reviewed and revised in September / October for the Business Plan.

Sales Revenue Plan (SRP)

19. The SRP has been created by running the same process that would normally see AST reviewing its Strategic Plan in April, prior to iterating draft budgets during May for formal sign off ahead of the new FY commencement on 1st August.

Traditionally the process would look at market forecasts, competitor analysis, past year performance, planned / desired capital investments, possible product developments and so on. Forecasts would be created and reviewed, with various permutations of numbers and risks / opportunities iterated until an acceptable plan was able to be proposed, then approved.

20. The most significant difference this year has been that in creating the SRP there is almost no certainty as to what the market might be for AST products in the immediate few months, or indeed years.

Rates of recovery to previous business activity levels are difficult to predict and there is little or no available intelligence on how or when the different regions of the world might come out of the post-pandemic recession.

This is the case for most sectors of the economy but there can be no doubt that civil aviation, specifically the airlines of the world, have been hit harder than any other sector. For AST, the immediate customers are the airlines themselves, the MRO centres supporting those airlines, or the private sponsored students seeking work or advancement in either the airlines or the MRO.

The willingness or ability of airlines, MROs or other sponsors to commit resources to training when they are potentially fighting for operational survival will be an issue.

Market Outlook

- 21) Some airlines have grounded entire fleets until June 2020 (eg Easyjet) 95% of national flight schedules have been cancelled (UK)
- 22) Carriers have temporarily closed some of their bases (eg BA at Gatwick) as companies retreat back to their main sites, but for some the bases will never re-open or at least not on the same scale
- 23) Salary Holidays and mass lay-offs have happened across the world impacting pilots, cabin crew, ground handlers, support staff but also AST's primary users, the engineers and technicians who maintain the aircraft
- 24) Aircraft retirements / scrapping have been brought forward with airlines exiting some types sooner than planned, whilst others have been placed in long term storage.
- 25) Less aircraft in operation requires fewer engineers, although a post-recession recovery will see a spike in aircraft maintenance as stored aircraft require re-activation
- 26) Some airlines will never fly again whilst the majority will require government assistance of some form to make it through
- 27) Views differ on how soon airline schedules will be re-introduced, both at the domestic and international level. Some routes will start sooner than later and the popular city pairs will again see connectivity, but the less profitable routes will take longer to recover whilst the demise of certain airlines or prejudice against a particular region might mean some connections are never re-established
- 28) Some analysts believe the end of lock down will stimulate a desire for air travel, particularly for leisure as people seek holidays as a celebration to the end of the pandemic. Bargain pricing and other incentives will no doubt be used to stimulate demand, which will get aircraft flying, but with what profitability for the airlines?

- 29) Others feel that there will be a significant reduction, at least in the shorter term, as people will be reluctant to travel to some regions, most obviously China, but what about Italy? How soon will people feel comfortable sitting in confined spaces (eg an aircraft) with strangers? Similar questions are no doubt being asked in the cruise liner sector.
- 30) Some social analysts believe the pandemic will lead to a seismic shift in how people work, with the enforced lock down and evacuation of offices and business sectors of cities forcing people to work from home. Long held positions on the feasibility and effectivity of home working will have been revised as employees at all levels of a company hierarchy have started home working, holding virtual meetings and so on.
- a) The views on the long term impact this will have on working patterns and more specifically, business travel, differ with some seeing a case for resumption of face-to-face meetings, particularly for business development with new customers, whereas others see the likelihood that it will be more acceptable for virtual meetings for more routine or regular communication.
 - b) It is difficult to conclude that the pandemic induced lock down will stimulate a greater demand for travel than previously existed. Of more interest is whether demand will ever return to previously achieved and/ or predicted levels of growth
- 31) Environmentalists, the Green Movement, have been relatively quiet during the pandemic but there is significant evidence that the slump in air travel, reductions of city centre car travel and more significantly the closing of lots of factories, particularly in China and elsewhere, is leading to a very quick improvement in air quality.
- a) One interesting statistic is that whilst in 2020, 10,000 might die in China from COVID-19, there will be 50,000 that live another year because of the vastly improved air quality.
 - b) The rate of improvement in air quality and other measures is probably higher than even the most ardent advocate expected and for the majority of people, the case for humans being responsible for Climate Change is now made.
 - c) The impact of the Green Movement on air travel was previously unclear as whilst some individuals in western countries were convinced and sought to reduce travel, the case generally across the world was that economic prosperity and personal advancement gave successful people the opportunity to travel and to explore.
 - d) In overall terms whilst the Green Movement will be stronger and more will choose alternative forms of travel (eg train), or not to travel at all, the assumption made by most analysts is that it might flatten the trend, but it won't in itself, kill the growth
- 32) Traditionally 85% of AST's students, excluding the BSc programme for which Perth College is responsible for marketing and populating, come from outside Europe. In the immediate near term a priority for AST is seeing a rapid return of existing students to Perth, facilitated by positive action by UK Government on re-issue or extension of existing visas and rapid processing of new applications.

33) What is less certain is whether there will be a change in the propensity for a foreign student to travel to the UK to study, or will there be a preference for locations closer to, or in, the home country. This will have to be monitored, particularly in September 2020 and May 2021, the traditional Approved Course start dates for self-sponsored individuals. AST will be proactive in engaging with students directly and with a positive media message via LinkedIn, Facebook etc

34) The growth in worldwide demand for aviation maintenance engineers and technicians was driven by two primary factors

- a) Significant growth predicted in worldwide fleet size through to 2030 and beyond, most obviously in China, India and the Far East, with Africa to follow that trend in later years. This reflects the growth of business activity from these rapidly growing economies but more importantly the emergence of an enriched middle class, eager to travel around the world, both in their immediate region but also to the Americas, Europe and Australia.

The rate at which these customers re-commence their recent travel patterns will be crucial to the rate at which the airline sector recovers, particularly in China and the Far East

- b) Most obviously in the western economies, a deteriorating age profile in the aviation engineering population with, depending on region, 30-50% of current engineers expected to retire in the next 10 years. This means there is a significant requirement to train new engineers even if the fleet size and activity levels remained constant

35) Timing is going to be an issue because with extensive fleet groundings and furloughed / idle staff, this would normally be an excellent time for people to undergo training so their skills are enhanced for the restart, whilst they would otherwise be idle. With AST closed, however, this cannot happen.

For example, AST have a stalled contract with Ryanair (PAM) @ Prestwick which would be an ideal contract to commence during August and September, however that is very likely to be a time when fleets are being re-activated and therefore staff releases for training will be non-priority. (The contract is valued at £51,750 and is approximately 2.9% of annual Sales)

36) Consideration of all the above points provides a concerning backdrop and environment within which to attempt to create SRP and associated Business Plan for FY 2020-21, through to end July 2021. This has led to the development of Sales & Business Development Tactics, recognising that a strategy ideally requires a longer term view that is not really practical in the current COVID-19 pandemic.

Sales & Business Development Tactics

37) AST has broadly decided to adopt the following tactics for generating income in FY 2020-21

38) Prioritise those customers and sponsors who are very likely to spend with AST during the next year, rather than longer term Business Development prospect

39) Seek opportunities, where possible, to increase UK and European students at Perth, or to deliver courses within UK & Europe, thereby minimising risk regarding movement of students, visas etc

40) Minimise risk in the SRC, recognising that a mixed portfolio of lots of small contracts plus a few bigger ones is a lower risk plan than one that overly relies on large customers.

- 41) In what will be difficult times for developing new customers, particularly those which are not directly the customer (eg training businesses rather than an airline / MRO) do not create a plan that relies on bringing too many new customers on board in 2020-21
- 42) The Base Plan therefore includes no new customers
- 43) One customer, Pitot Aviation, is seeking consultancy work to assist it in expanding its business model, rather than just hosting AST examinations in Egypt. The value of this consultancy task is £66,120 and represents 3.7% of the overall planned Sales for the year
- 44) Increased focus on customer / sponsor / student intimacy
 - a) The need to ensure that CAT stay on board and make scheduled payments has already been mentioned earlier. They are currently closed until 1st August but have issues with their regulator, providing an opportunity to AST to demonstrate its continuing worth to CAT.
 - b) Ensuring that smaller sponsors such as Royal Air Force of Oman, Royal Flight of Oman, Falklands (FIGAS), Seychelles and others feel valued. This will include regular contact with both sponsors and students, firstly to get existing students up to speed on Distance Learning, then re-entry into Perth on Restart. In some cases these sponsors have additional students due to start programmes in September 2020, which will be crucial to achieving the 2020-21 numbers
 - c) Maintain regular contact with current students who are displaced from Perth, by emails, communications with class groups, Distance Learning, regular all-student newsletters etc. Ensure that AST know what is concerning students about their eventual Restart at Perth, supporting resolution of issues where possible
- 45) Review all Business Development prospects (eg potential future Approved Sites) and be (more) realistic about which are possibly going to be successful in the new business climate, where there will be initial falls in demand for training services, cash constrained airlines, changed priorities for cash (eg supporting Operations rather than developmental training)

SALES ASSUMPTIONS

In the current environment it is not felt practical to give detailed breakdowns of sales prospects, percentage success ratings and so on. The following therefore details the assumptions and actions against each of the assumed income streams.

- 46) All financial values assume a Re-Start for AST in August 2020. Recognition of Sales from delayed training due to Covid-19 or a delayed Re-Start might cause Sales values to be adjusted downwards.

Approved Courses

- 47) Strategy – promote course on social media and agents, supported by website. As UK economy unlocks, investigate attendance at more UK trade show events including World Skills type events. These are successful for AST eg Course 265 has 1 x RAeS London, Course 267 has 1 x RAeS London & 1 x Strathallan School

- 48) Courses 263, 264 and 265 are already studying with AST, although only utilising Distance Learning due to the Covid-19 lockdown. They are estimated to earn **£193,846** in FY 2020/21 and at the current time there have been no formal cancellations, so all are expected to return on Re-Start.
- 49) Course 266 was due to start May 2020 but was cancelled because of poor bookings, with 2 students transferred to Course 267. There was no assumed income in the SRP
- 50) Course 267 is scheduled to start in September 2020
- 1) Assumed Size = 8
 - 2) Current bookings are 4 x Firm, 4 x Highly Probable, 2-4 Possible
 - 3) NAAT have also indicated they might add up to 10 students to this programme and AST working closely to support this, however it is a new venture for NAAT who often over-commit
 - 4) Assumed Income £180,776 (**£87,647** in FY 2020/21) = £22,587 average per student
 - 5) Current forecast £152,188 (**£73,711** in FY 2020/21) = £19,024 average per student
 - 6) Lower average student fee reflects unusual mix with 5 x UK or Government Rate and just 3 overseas students
 - 7) Fortunately the Possible are mainly overseas students
- 51) Course 268 is scheduled to start May 2021. There are no prospective students yet listed. Assumed income in FY 2020/21 is **£20,440**

Modern Apprenticeships (MA)

- 52) Sales Strategy – course responds to request from Scottish based employers and will be marketed to others during the year, hopefully enhancing the September 2021 intake. Covid-19 of course might impact overall apprenticeship numbers. Some employers have long been critical of current providers (eg Loganair & Ayr College) but it will be interesting to see if they are prepared to move providers.
- 53) This is a new programme for AST and runs in 4 blocks of 6 months, with a similar period back in the employer's workplace. The first 6 month block will allow the students to attend the Course 267 modules, saving instructor costs and mitigating current lower average fee on that programme. For the later blocks it is also intended to utilise spare capacity in existing classes, either approved or modular. This makes it very complicated to schedule but at the end of the programme it is anticipated there will be very few additional modules to be taught.
- 54) There are currently 4 students booked, 2 x Babcock and 2 x ACS, each paying £4,000 per annum, so £16,000 actual against **£16,000** budget

BSc for Perth College

- 55) Sales Strategy – all sales and marketing responsibility is with Perth College, with AST providing support as and when needed, including promoting at trade fairs, business development visits etc
- 56) Consideration needs to be given to contracting route....currently AST receive all income and pay PC for lecturers and run most of the first 2 years of the course. All pastoral care responsibilities lie with PC. Ideally the contract should operate the other way.....PC receive income for 4 years and pay AST for services delivered
- 57) Average student course fee on BSc is £13,566 v AST average current range £18,207 to £24,509

58) BSc Cohort 1 = started September 2019 and no withdrawals anticipated on re-start. FY 2020/21 income is £124,975 less £14,880 to PC so **£110,095** net

59) BSc Cohort 2 due to start September 2020.....predicted income £135,040 so **£120,160** net

Leonardo / QEAF

60) Sales Strategy – existing contract so high customer engagement and work proactively with Cobham to understand pipeline for English Language students from England into Perth. Maximise opportunity for additional training at Perth (eg Technical English, extra practical modules) for extra revenue. All additional training is at £250 per student / week

61) Customer and AST developing a hierarchy of courses so less able students can be moved to a lower level Basic programme or an Advanced Basic course, depending on availability. Intention is all students have a minimum of 89 weeks at Perth, regardless of the course mix

62) Batch 2 B2A course started May 2019 and will generate **£154,649** in FY 2020/21

63) Batch 2 B1.3 were due to start in Feb 2020 with 16 students, currently started in May with 9 students with a further 8 predicted to arrive later in May. They are doing Technical English prior to a delayed course start in June 2020.

a) As no Sales income has been assumed for the Covid-19 lock down (other than Joramco and CAT), there is no negative impact on either cash flow or Sales.

b) Assumed income in FY 2020/21 of **£183,287** should be exceeded by **£11,455** providing the 17 students all appear

64) Batch 3 B3 are due to start in April 2021, but actual start date and student numbers too difficult to predict due to variance in English Language durations at Cobham. SRP assumes **£40,455** in FY 2020/21

Bespoke Courses

65) Sales Strategy

a) Royal Air Force of Oman – long standing customer so maintain links on 1:1 basis

b) FIGAS B1 to B2 Conversion – long standing customer with a specific requirement. Course fee agreed and under-written by AST with AST marketing course to others to reduce FIGAS costs / increase AST profits

c) Babcock Module 16 @ RAF TBA – existing customer and AMET provider with a specific issue on one module, which AST can fix. *“Do it well and other work will follow!”*

66) Predicted Income

a) Royal Air Force of Oman **£77,700** for 7 students over 24 weeks (£462 per week)

b) FIGAS **£16,000** if only FIGAS, opportunity to reduce cost to FIGAS and increase AST margin with additional students

c) Babcock **£7,200** for 2 week programme

Modular and Examinations

67) Sales Strategy

a) Modulares – social media and agents supported by website. Be reactive to large sponsor demands (eg AST flipped its traditional Jan-Jun and Jun-Nov programme in 2020 to meet a

requirement from Royal Flight of Oman, with 6 students)....understand that some students are trials by employers (eg Marshall) and might lead to corporate contracts

- b) Exams – social media and website. Provide opportunities at Perth plus support / encourage students to attend Remote Sites in UK (eg Telford & Manchester) and Overseas (India, Egypt, Nepal, Nigeria, Indonesia etc)

68) Predicted Income

- a) Modulares @ Perth **£200,000**
- b) Examinations @ Perth, Telford & Manchester **£32,000**
- c) Modulares and / or Examinations @ Remote Sites **£184,750**

69) Of all the income categories, Modular & Examinations could be the most volatile as it covers 3 continents and clients include airlines, MRO and private individuals. The propensity of people to be prepared to travel and to seek to enhance their qualifications will have the most obvious and immediate impact in this sector of AST income.

70) £50k of the Modular@ Perth Income is dependent on students returning to Perth in August, with the remaining £109k and £41k assuming typical course sizes for January 2021 and May 2021

Approved Sites

71) Sales Strategy – there are no assumed new sites in 2020/21, so strategy is to build relationships and demonstrate increased worth to both CAT and Joramco, therefore prolonging and protecting very profitable income streams.

72) CAT

- a) Predicted income of **£265,518** reflecting the first full year on the new contract with only £37k remaining from the higher value legacy contract.
- b) There is a further opportunity of £40-50k if CAT award AST the contract for the GEMS electronic question bank

73) Joramco – predicted income of **£63,135**, with no opportunity seen for additional income. The Joramco contract is due for renegotiation during 2020/21

Consultancy

74) Sales Strategy – promote value of the AST brand and the overall competitiveness of our consultancy services, together with excellent working relationship with UK CAA. There is no assumed budget for Consultancy in 2020/21 in the SRP

75) There are 2 prospects

- a) Pitot Aviation (Egypt) – a long running prospect holding a proposal priced at **£66k** Issue continues to be political uncertainty , regime change and investor confidence. Prospect was improving pre-Covid-19 and still talking to AST
- b) AVENG (Greece) – a new prospect that appear knowledgeable, well-funded and credible. Proposal circa £66k to be issued week commencing 11th May (Note – Project now delayed until January 2021 due to uncertainty in Greek post-Covid 19 restart, second spike etc)

EXPENDITURE ASSUMPTIONS

76) Simplistically, Expenditure has been modelled looking at YTD FY 2019/20 actuals and revising where required. The most significant assumptions are:

- a) Salary holiday for 21 of 28 staff assumed until December 2020. EY have questioned this assumption, particularly if there is a full re-start of training in August. The current value of this holiday is £9,869 per month for Instructors and £5,556 per month for Managers

There is no allowance in the budget for any re-payment of the salary holiday monies, in part or in full, or for any bonus scheme to recognise the employees' investment in business continuity

- b) Marketing spend has been reduced from £60,000 to £40,000 partly reflecting a forecast underspend in 2019/20 and also the probability that events will be cancelled or less worthy of attending in a post-Covid 19 environment

77) There is NO investment budgeted for Training Aids, new IT or Systems, or in anything other than routine hangar and classroom maintenance. As this expenditure was planned for 2019/20 and cancelled due to Covid-19, AST is now in significant risk regarding quality, availability and suitability of its infrastructure.

78) HR and Staff

- a) Planned replacements in instructors have been cancelled, with one offer letter withdrawn
- b) There are no allowances for staff re-grading or organisational changes, saving £30,000 on previous budget
- c) There is no allowance for any pay increases, normally from 1st August

Mark Taylor
AST General Manager
19th June 2020

DRAFT A

AST Going Concern Review Paper [DRAFT]

11 June 2020

1 AST REVIEW OF GOING CONCERN

Introduction

- 1.1 The Directors of Air Service Training (Engineering) Limited (AST) have been asked by its auditors (EY) to undertake a going concern review of AST to cover a period of one year from the anticipated date of signing the financial statements of AST for the year ended 31 July 2019.
- 1.2 The request has been made due to the material uncertainty surrounding the future of AST (and other UK businesses) due to the Covid 19 lockdown. EY have advised that their audit approach is an assumption of material uncertainty and steps have to be taken to rebut that assumption in order to allow them to sign off accounts on a going concern basis.
- 1.3 Ordinarily, AST would have its accounts signed off well before its normal filing deadline of 30 April. Companies House has given AST a three month extension to its filing deadline so, without a further extension, the financial statements of AST for the year ended 31 July 2019 must be filed by 31 July 2020.
- 1.4 Accordingly the going concern review has assumed that the accounts will be signed towards the end of July 2020 and so the going concern review considers the period from 1 August 2020 to 31 July 2021.

The review

- 1.5 In the first instance a going concern review model has been created. The model uses both an Income and Expenditure approach and a cashflow approach.
- 1.6 For each of these there is a base case which has already been submitted to, and discussed by, the Board of Directors.
- 1.7 Each base case has then been adjusted for the following of scenarios:
 - 1.7.1 Base case; I&E and Cashflow;
 - 1.7.2 Delayed restart – I&E only;
 - 1.7.3 Second spike – I&E only;
 - 1.7.4 5% drop in income – I&E and Cashflow;
 - 1.7.5 10% drop in income – I&E and Cashflow; and
 - 1.7.6 20% drop in income – I&E and Cashflow.
- 1.8 Each of the above scenarios is discussed in more detail below.

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Base Case

- 1.9 The base case has been put together by Mark Taylor and is a prudent approach to the year ended 31 July 2021. It is already a significant reduction of the budgeted performance of AST as compared to the year ended 31 July 2020 and therefore what we might expect in a normal year.
- 1.10 The base case assumes that most face to face teaching of existing courses will recommence to a certain extent in August, with further new courses starting, as usual, in September
- 1.11 The cashflow base case is based on expected cash revenues based on the I&E base case alongside a review of the expected timing of payments of debtor balances existing at 31 July 2020.
- 1.12 The cashflow base case assumes that AST will have an opening cash balance on 1 August 2020 of £100,173. The settlement of Libya monies has been included in the cash scenarios for 20/21 at a value of £25,000 based on an offer by EACS. This amount is included in the August cashflow. The cashflow base case also assumes that AST will have paid its 18/19 corporation tax liability, 2019/20 Q2 VAT charge (currently owed to Perth College), management charge invoice and Perth College teaching invoice.

Adjustments to agreed base case

- 1.13 Course 268, originally planned for May 2021 start will now commence 17th March 2021 to coincide with the commencement of phase 2 of the Modern Apprenticeship. This increases 2020/21 tuition fee income by £9,434.
- 1.14 An additional adjustment to the I&E and cash base cases has been to remove all Air Mauritius income because that entity has recently been placed in administration so the prospect of future income or payment of existing balances is considered to be remote. This creates a bad debt of £4,100 in 2019/20 and removes income of £30,000 in 2020/21
- 1.15 Some other changes have occurred in expected course dates, for example Royal Air Force of Oman had moved its likely start date from October 2020 to January 2021, with no impact on I&E but a delayed cash profile
- 1.16 Whilst AST carries significant deferred income in its balance sheet we expect the profile to be broadly the same at the start and end of the 2020/21 financial year. As such, we have not made any cashflow adjustments to take account of movements in deferred income.
- 1.17 21 of 27 AST staff are assumed to be on 80% salary until end December 2020. It is possible that this assumption will not survive re-start of training in August or September 2020, most obviously for instructors. This would worsen both I&E and Cash by £9,869 per month for instructors and a further £5,556 per month if managers were included.

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- 1.18 One instructor has requested a 50% contract from 1 January 2021, which would save £20,649 in a full year or £12,071 in 2020/21. This has not been included in the base case until that agreement has been formalised.

Delayed restart

- 1.19 The delayed restart scenario assumes that the restart of teaching will not happen until September so income other than “Second Sites” (ie CAT and Joramco) will not be recognised.
- 1.20 There appears to be market appetite for training. If there is a one month delay to the restart of teaching by AST the I&E impact would not actually be as great as the complete loss of 1/12th of the income as we expect some of that income would actually be added to the forecast income for the following 11 months. There might be some instructor capacity issues but these have not been modelled.
- 1.21 For the purposes of modelling the scenarios we have taken a conservative approach of the worst case outcome and assumed that the August base case income will be lost.
- 1.22 The scenario also reduces certain expenditure in line with income if that expenditure will not be incurred if there is no training. The majority of expenditure is not reduced, although the extension of the Coronavirus Job Retention Scheme to end-October would allow AST to continue the furloughing of those instructors not required for remote training delivery plus 50% of the support staff.
- 1.23 We have not modelled a cashflow scenario for delayed restart as we believe this would not accurately represent the timing delays that might be faced by AST.

Second Spike

- 1.24 The Second Spike scenario assumes that there will be another cessation to AST teaching from November 2020 to January 2021 so income other than “Second Sites” (ie CAT and Joramco) will not be recognised.
- 1.25 As with the delayed restart scenario, it is likely that income lost during this period might actually be partly recovered in the following months but for the purposes of modelling the scenarios we have taken a conservative approach of the worst case outcome and assumed that the November to January base case income will be lost.
- 1.26 The scenario also reduces certain expenditure in line with income if that expenditure will not be incurred if there is no training. The majority of expenditure is not reduced.
- 1.27 It is assumed that the re-start of courses following any Second Spike will mean there are students coming back into AST that would ordinarily have completed their courses. This means that instructors will be in high demand and, on the basis of what is happening in September and October 2020, will need to be supplemented by managers also running classes. This excess demand will prevent any mitigation of costs through a reduction of instructor headcount.

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- 1.28 We have not modelled a cashflow scenario for Second Spike at Perth as we believe this would not accurately represent the timing delays that might be faced by AST.
- 1.29 We have also not modelled the cashflow impact of a Second Spike occurring at one of AST's "Second Sites of CAT or Joramco, as time of occurrence would be key, most obviously if it coincided with the contracted payment dates for CAT of May or January.

5%, 10% and 20% drop in income

- 1.30 Each of these scenarios reduces income (excluding Second Sites) by 5%, 10% or 20% for the entire year ended 31 July 2021.
- 1.31 The scenario also reduces certain expenditure in line with income if that expenditure will not be incurred if there is no training. The majority of expenditure is not reduced.
- 1.32 We have also modelled these three scenarios against the cashflow base case to show the impact of a reduction of cash receipts in line with the full year reduction of income.

Summary of I&E Scenarios

- 1.33 We set out below the forecast I&E for the year ended 31 July 2021 for each of the Scenarios set out above. The below amounts include depreciation of £24,735 so EBITDA will be higher by that amount.

	Net profit after exceptional items (£)
Base Case	101,932
Delayed restart	53,113
Second Spike	(130,956)
5% drop in income	49,422
10% drop in income	(3,088)
20% drop in income	(108,107)

- 1.34 As the table above shows there are two scenarios, Second Spike and a 20% drop in income, that will have a substantial impact on the ability of AST to continue as a going concern.
- 1.35 As discussed in Paragraph 1.27, we consider that the Second Spike impact might actually be reduced by that income transferring to later months.

Summary of cashflow scenarios

- 1.36 We set out below the cashflow for the year ended 31 July 2021 for each of the Scenarios set out above. As discussed in Paragraph 1.12 the base case and scenarios assume that AST has a

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cash balance on 1 August 2020 of £100,173 [THIS CAN BE UPDATED AS WE GET MORE INFORMATION WEEKLY].

	Closing cash balance at 31 July 2021 (£)	Lowest month end cash balance	Months below £NIL	Most consecutive Months below £NIL
Base Case	281,317	(59,229)	2	1
5% drop in income	221,157	(67,672)	3	1
10% drop in income	160,997	(87,898)	4	3
20% drop in income	40,676	(172,639)	5	4

- 1.37 As would be expected the table above shows a 20% drop in income would have the greatest impact on the cashflow of AST. Although AST would end the year with a pre-tax profit of £141,440 it would see a maximum cash deficit of £172,639. The negative cash position in that scenario starts in March 2021 and increases to the maximum deficit of £172,639 in June 2021 before the improvement in July.
- 1.38 It seems unlikely that AST would be able to mitigate against a cash deficit of this size without an injection of cash.
- 1.39 As is set out from Paragraph 1.40 below, it is likely that AST will be able to mitigate the impact of the other two scenarios.

Mitigation options

- 1.40 There are a number of mitigation options available. These options focus on cash flow rather than the I&E and are categorised as:
- 1.40.1 Specific cash items; and
- 1.40.2 Other activities

Specific cash items – costs that do not need to be incurred or can be deferred

- 1.41 The current model does not consider any organisational adjustments. If organisation adjustments do not result in immediate cash savings for AST then they will be of detriment rather than benefit in the short term. Management also consider that there is little point reducing the instructor workforce if they will actually be needed to return to a normal profitable position.
- 1.42 It is possible that a further Rent Holiday can be arranged for the Scone Airfield leases, as per May-October 2020. This will defer rent payments of £9,167 per month

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Specific cash items – Perth College Management Charge

- 1.43 AST currently pays Perth College a management charge of £100,000 per year. The amount is invoiced in three instalments (changed from four in previous years) by Perth College and paid by AST as with normal trade suppliers.
- 1.44 Perth College could choose to allow AST to delay the payment of the invoice(s) to allow AST to retain the cash until its position improves.
- 1.45 The approach would need to be approved by the main College Board and the College would need to demonstrate that it has commercial reserves equal to the amount being delayed as Perth College cannot use public funds to support AST.
- 1.46 However, the choice would be for Perth College to weigh up the delay in receiving income against the loss of future gift aid payments that are generated by AST. These are normally in the region of £200,000 per annum.
- 1.47 Whilst the BSc programmes start in September, the agreement with Perth College is that AST will invoice Perth College in December for January payment, which reflects when Perth College receives its annual student funding. If Perth College has sufficient cash reserves then AST could invoice sooner and receive monies to avoid the current negative cash forecast for December 2020 (all cases). This invoice amount is £228,939.
- 1.48 This approach would also be in line with how AST invoices its other customers.

Other activities

- 1.49 AST management have already demonstrated, throughout the lockdown, their ability to positively influence the cash receipts of AST. Their communication with customers has been remarkably effective in converting debtors in to cash.
- 1.50 Further, AST management have continued to develop new business from new and existing customers and there are a number of reliable prospects that will result in probable income for the year ended 31 July 2021. These activities are discussed below.
- 1.51 Initial discussions with returning students suggest there are perhaps between three and five students who are facing economic challenges. This is primarily because their parent or sponsor is facing redundancy or other loss / reduction of income.
- 1.52 Between eight and ten students have issues to resolve with visas. UKVI has confirmed that a supportive and sympathetic position will be taken for those students whose course length has been prolonged due to Covid-19, rather than poor student attendance or performance.
- 1.53 For Modular students, there appear to be three distinct categories:
 - 1.53.1 those that were previously attending and will return;
 - 1.53.2 those who cannot return because they have lost their income; and

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- 1.53.3 a number of new students who are using the period of downturn in contractor demand to improve their personal qualifications.
- 1.54 Initial indications are that Modular student numbers on re-start will not be dissimilar to the situation at lockdown commencement in March. Some visa issues remain to be resolved, with for example one student who remained in the UK being required to repatriate to Nepal, to complete a new visa application before returning to the UK.
- 1.55 The caveat on all the above points is that there are still travel restrictions preventing some students travelling to the UK and the big unknown is whether students will actually step on an aircraft, as concerns might heighten as departure flight date approaches. The UK entry requirement of 14 days quarantine does not seem to be impacting those students on the longer courses, as they will just travel earlier, local regulations permitting.
- 1.56 College of Aviation Technology (CAT), AST's Second Site in Kuwait, require an electronic exam system and associated question data bank to satisfy an audit finding from their national airworthiness authority. On 11 June 2020 AST submitted a proposal totaling £50,893 with the intent being this will be delivered in the period from June to September 2020.
- 1.57 This will improve both year-end 2019/20 cash and margin, whilst providing a stronger start to 2020/21. The probability of an agreement being signed is considered to be 90%. This probability is based on the negative audit finding against CAT by its national authority and therefore the subsequent need for improvement. [Final version with CAT for signing on 17 June so possible revision to this section in next 48 hours.]
- 1.58 AV ENG of Greece are interested in achieving AST second site approval. Proposals have been iterated and it was thought possible a contract could be concluded 2019/20 for delivery over the financial year end. The contract is currently estimated to be £36,900 of consultancy income with a potential of £25,000 annual fees thereafter.
- 1.59 On 11 June AV ENG advised they wished to put a six month delay on the project pending understanding on student numbers they achieve on other courses as Greece exits the Covid-19 lockdown. They are also concerned about a second spike possibility in autumn 2020. AST and AV ENG have agreed to stay in contact, with a view to possible commencement in January 2021. The probability of an agreement being signed is considered to be 40-50%.
- 1.60 Based on conversations with students and customers there is a definite appetite in the market for training to be provided which suggests that AST will be able to achieve its base case once lockdown restrictions are lifted and assuming no Second Spike
- 1.61 The lockdown has enabled AST to deliver some training by distance learning where it is allowed by its regulator. AST management feel that they will be allowed a greater use of distance learning in the event that there are ongoing lockdown restrictions. This will enable AST to continue to earn income if there are continuing lockdown restrictions.

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- 1.62 The current cash and I&E base cases do not include any furlough income from August 2020 onwards. If there is a delay or a significant reduction in certain types of delivery then AST would be able to continue to drawdown from the Coronavirus Job Retention Scheme which is in place until end of October. No value has been calculated for this potential income.

Conclusion

- 1.63 AST is currently facing material uncertainty around its next 12 months of trading due to the ongoing Covid 19 lockdown.
- 1.64 This review has been prepared on the basis of identifying potential scenarios faced by AST and modelling the financial and cash impact of those scenarios. We have then set out the options available to AST to mitigate the impact of those scenarios as well as a discussion around the trading environment which suggest that the worst case scenario may, in fact, be avoided.
- 1.65 Two of the Scenarios modelled (20% drop in income and Second Spike) are likely to result in AST not being a going concern unless additional mitigations can be realised. Those additional mitigations would most likely be a cash injection from either Perth College or a lender.
- 1.66 However, the internal mitigations available to AST could be used to mitigate against the less serious scenarios of a delayed restart, 5% drop in income or 10% drop in income.
- 1.67 Furthermore, AST Management have, throughout the lockdown process, demonstrated their ability to convert debtors into cash and continue to develop new income streams. It is also possible/probable [SPECIFIC TERM TO BE AGREED] that AST will be able to deliver more tuition by way of Distance Learning allowing it a more resilient income stream.

2 CHALLENGE QUESTIONS AND AST RESPONSES PUT BY EY

- 1 **Could you provide any more detail on the base case – your analysis and evidence on the impact on the wider industry and existing and planned customers/employers. It would also be helpful to understand the difference between your initial 2020/21 forecasts and the base case.**
- 2.1 The growth in demand for licensed engineers is largely driven in western economies by some growth in budget travel plus the retirement profile of current engineers. Growth in other economies, such as India and China is driven by fleet growth in response to the increasing volume of the middle class populations. This assessment is based on the assumptions used by Boeing and Airbus.
- 2.2 No formal OEM or airline reviews have been issued yet issued to give fleet projections post Covid-19. However, David Calhoun (Boeing President & CEO) and Al Baker (CEO of Qatar Airways) have each stated in separate publications that they think it will be three years before airline revenues recover to pre-Covid-19 levels. Lufthansa Group have stated that recovery could take up to five years.
- 2.3 The training cycle for a new licensed engineer on an Approved Course is two years of formal tuition (such as that provided by AST) plus three years of appropriate experience in industry.
- 2.4 Covid-19 won't halt the retirement rate in western economies and indeed large scale redundancy programmes already announced such as 12,000 staff at British Airways and 3,000 at each of Virgin and EasyJet, may in fact prompt early retirements. If the aviation market recovers in line with the timeframes stated by industry experts, then the AST students will be starting to enter the labour market when that happens.
- 2.5 The biggest uncertainty facing the industry is whether the travelling public, be it leisure or business, return to routine flying or whether there is ongoing reduced demand due to fear of flying or greater acceptance of video conferencing in business meetings.
- 2.6 AST only deals with EASA, not the USA FAA, so are insulated from any reduction in demand for the North American market. The growing volume of the middle class in the Middle and Far East will continue to be the key drivers in the rate of recovery of those regions.
- 2.7 Current indications on Courses 263-265 which were running in March 2020 is that student numbers might drop from 30 to around 25-27 due to economic impact on some students. Three of those students were significantly under-performing (attendance and academic) and might not have progressed to second year anyway.

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- 2.8 The post-Covid 19 retention rate is better than expected but the uncertainty will continue until students actually board aircraft for long haul flights to start their training in Scotland.
- 2.9 Course 267, scheduled to start in September currently has five firm students and five possible students against a budget assumption of eight students. One issue might be there are fewer than usual overseas students so average fee might drop because AST is able to charge a higher fee for those students.
- 2.10 Modular student bookings have actually increased marginally during the lockdown. In part this reflects the fact that some candidates are using the spare time arising from the reduced demand for contractors to improve their personal qualifications. Corporate sponsors are staying loyal to their younger / brighter staff during the downturn in demand.
- 2.11 Visa issues might be a bigger problem. Of the 30 Modular students, eight require short term study visa extensions or renewals and will of course also need to do 14 days quarantine on arrival in the UK. AST is operating on the assumption that those visa extensions or renewals will be granted.
- 2.12 Bespoke Courses income is at risk as the Royal Air Force of Oman has deferred the provision of its training into the calendar year 2021. AST is still hopeful that the training will occur in the financial year 2020/21, so the issue becomes cash profile, rather than Sales
- 2.13 Since creating the Base Plan, Air Mauritius has entered voluntary administration which has reduced AST's income by £30,000 in the financial year 2020/21. Administrators have however announced that they hope the business will continue to trade and AST remains well-placed for future work with this customer.
- 2.14 There is a timing risk on Ryanair and PAM as they are unclear when they will be able to schedule training as they re-start airline operations. Again this is felt to be a timing risk rather than a Sales risk.
- 2.15 A significant amount of AST Approved Course revenue comes from the Leonardo / QEAF contract which whilst obviously impacted by travel restrictions and lockdowns, is a military contract linked to the delivery of new air force helicopters to Qatar. This is largely immune to Covid 19 economic risks
- 2 Could you explain the rationale for the selection of a further 20% income reduction as a scenario. Is this the worst case scenario without a 2nd lockdown, and if so what are the key assumptions adopted?**
- 2.16 The reduction of 20% income was selected to represent a point which represented the limit of AST's ability to remain a going concern as it presents substantial, but not wholly insurmountable, challenges to the operation of AST.

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- 2.17 The selection of this scenario is the culmination of all the work that AST management and finance have been undertaking since lockdown to ensure the ongoing health of the business.
- 2.18 The scenario is based on a simple assumption which is that the cash and income base cases are reduced by 20%. This assumption does not apply to the second sites which are better described as annuity income and not expected to be impacted.
- 2.19 Further, unless there is a clear indication that a particular expenditure line will be reduced then it is included in full. Where it is expected to reduce due to an income slowdown, the reduction is assumed to be the same as the income reduction.
- 2.20 We have taken a highly conservative approach in selecting income and expenditure to apply the reduction to. This conservative approach is intended to reflect the need to assume the worst case scenario across the board in order to reflect the inherent uncertainty in the business.

3 The covering paper refers in a number of cases to an appetite in the market for training – do you have any evidence of consultation/discussion with key employers and students?

- 2.21 This is also answered in Paragraphs 2.1 to 2.15. There is still a confidence amongst both self-sponsored students and corporate sponsors that there will be the necessary demand for qualified aviation engineers as the wider industry recovers. This is evidenced in bookings for such courses as the Modular courses. If you need third party evidence and booking confirmations this can be collated.
- 2.22 One further example is that FIGAS (Falklands) found an apprentice had been made redundant by another company and have now taken that person on, sending them to Perth for 2 years from September 2020
- 2.23 Babcock have confirmed a need for their Module 16 course to be run as soon as travel restrictions allow, currently forecast for September 2020 in Aldergrove, Northern Ireland.
- 2.24 AST launched a Modern Apprenticeship programme in February 2020, with rather unfortunate timing as at the point of launch it only had 2 sponsors, each with 2 students. Both sponsors have re-committed those students to AST and the benefit for AST is that they will actually share the instructor with C267, so there will be no extra demand on teaching capacity.

4 Could you provide evidence of the current bank balance and how this reconciles to the cash flow forecast starting in August 2020.

- 2.25 Yes – this will be provided separately. Cash forecast has now increased from £96,000 to £100,000 due to a receipt of £4k from McKinlay Aero Ltd.

5 The base case assumes that courses will recommence in August, with new courses as usual in September. Could you provide any details of the guidance/planning supporting the reopening eg social distancing assumptions, preparations for increased use of

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distance learning. Is this in line with the College's planning assumptions/any guidance from the SFC.

- 2.26 Perth College Estates and Health & Safety representatives have reviewed all Perth campus classrooms and workshops and recommended new maximum occupancy levels. They have supported AST in a similar exercise for the premises at Scone airfield (hangar, workshops and classrooms).
- 2.27 It is clear there is insufficient real estate for a normal re-start so innovative proposals include blended learning (mix of classroom and online) plus extended hours into the evenings and possibly at the weekends. Staffing levels and costs will be an issue on that scenario. AST will be okay for August but the re-start of PC in September will bring matters to a head. AST is involved in those timetabling and room allocation discussions.
- 2.28 One challenge is that under EASA regulations, AST and other Part 147 centres are not allowed to do remote / distance learning after 20th July 2020, unless the temporary dispensation is extended. AST and other companies have asked the UK CAA to expedite this requirement. On 17 June 2020 the UKCAA issued CAP1933 *"Guidance for Use of Web Based Training, Distance Learning, Simulation and Virtual Reality"* in draft for initial consultation with the aviation training suppliers. As drafted this document would allow the distance learning privileges currently valid until 20th July 2020 to become permanent under regulation 147.A.145. AST is confident that this new document will be in place, or further local dispensations extended, so there is no loss of continuity in the ability for AST to offer distance learning.
- 2.29 The agreed re-start plan requires that Risk Assessments are developed and signed off by the AST General Manager, then reviewed by PC Health & Safety, before being endorsed by PC SMT then the AST Board.
- 2.30 Risk Assessments are referencing work being done both by the college and university sectors and also through industry contacts (eg AMET sponsors and ADS Scotland). One issue is that AST's start date is effectively 4-6 weeks ahead of other users so in some cases we are having to push for answers faster than the process is running. This will inevitably mean that AST will revise Risk Assessments in the light of experience and as new requirements and ideas come on board. The Scottish Government have committed to issuing sector wide guidance by Friday 19 June 2020 and including requirements from advisors, colleges & universities and also the representative trade unions in HE and FE institutions.
- 2.31 All furloughed instructors (9-10 at present time) will be temporarily removed from furlough in early July for 3-5 days so that socially distanced groups can walk the classroom and hangars and practise the new procedures for teaching in those environments. Feedback in early July will allow four weeks for amendments that are expected to be needed.

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2.32 PPE has been ordered for both staff and students and will be developed as experience is gained. For example AST is planning to use full face visors in practical sessions.

2.33 Staff and student refectory areas will be closed for cooking. Kettles have all been removed and will be replaced with plumbed in constant hot water boilers, removing the need for them to be filled with water and reducing areas of possible contamination to just the tap handle.

6 If courses will resume in August/Sept should the salary model return to full salaries from that point too?

2.34 AST's General Manager has briefed the AST Board that if the expected activity levels (student numbers, classes, non-standard working patterns etc) are achieved, then he feels it very unlikely that the 80% salary level can be maintained for instructors. In addition, some of the instructors live south of Glasgow so whilst they are furloughed they are actually saving significant fuel and vehicle costs, which of course will re-emerge once work resumes.

2.35 A related issue which is not in the plan, is that there has been very little annual leave taken during the lockdown period, with furloughed staff in particular not able or willing to take leave. A significant proportion of that leave will have to be taken into calendar year 2021, as per UK government guidelines

7 In terms of the specific income lines, could you provide an assessment/evidence of the recoverability of the following:

7.1 Para 1.56 refers to 90% probability of income in relation to CAT for June-Sept – is there any further clarity about this income?

2.36 AST and C.A.T. are iterating the contract draft, with the last set of comments from Kuwait received on 14th June. Final versions were re-issued to Kuwait on 17 June for potential acceptance. Signature is imminent but work is not intended to start until 50% payment from the customer, reflecting their current payment record. The overall value of the contract is approximately £51,000. The contract relates to AST providing 3,500 examination questions, loaded into a software package, thereby satisfying the local requirement for randomised and secure examination papers for students in Kuwait.

7.2 There are significant debtors as at 31 July 2019 – have you undertaken an assessment of the recoverability of these (evidence of receipt of income)?

2.37 Weekly debtor review meetings are held within AST who are in touch with the majority of their customers. Some self-sponsored students have been unresponsive and have been entered on the potential bad debt spreadsheet. The majority of income is promised but students and sponsors are reluctant to pay monies until they know that AST have re-started training, currently scheduled 3rd August. Further efforts will be used in July to encourage payment before 31 July, but the reluctance to pay, particularly from individual self-sponsored students can be understood.

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2.38 Joramco at £46k are the largest corporate debt. AST managers are in constant contact with them. They have indicated they will settle the amounts owed during July 2020 after they have also re-started face to training.

2.39 If it is needed, we can provide a reconciliation to show which debtor balances at 31 July 2019 have been paid. That will simply be a case of matching the receipts.

7.3 Is income for travel and sundry recharges still considered likely?

2.40 Remote Site income is a key element of the Sales Plan so if these recharges do not occur then there will be bigger income issues elsewhere in the plan. If these recharges are not made then there is a benefit in the Expenditure side of the plan as there will be lower / nil spend on flights, hotels.

7.4 Has there been dialogue with employers/SDS about Modern Apprenticeships?

2.41 Yes and this is discussed in detail at Paragraph 2.24 above.

8 And for expenditure:**8.1 Have you approached Perth Council to reduce non-domestic rates?**

2.42 No but we have approached Pete Wishart (and he in turn Kate Forbes) regarding the rates relief for the airline industry. Whilst the response was not 100% committal, the confirmation was that AST is not covered by that relief.

2.43 AST normally pays non domestic rates for the Scone site by direct debit. We have still not had confirmation of this year's charge from Perth and Kinross Council (PKC) and we have not had any funds taken from the account.

2.44 We do not know why this is and are chasing PKC for an explanation. That is still outstanding.

2.45 In general, AST has explored all the reliefs available and is unable to apply for them for various reasons apart from the automatic deferral of the Q3 VAT return payment until 31 March 2021 which has been exercised.

8.2 Could you explain the current expectations for overseas travel – is this likely to go ahead to the level currently modelled, and is there any certainty about future costs?

2.46 There are two elements on overseas travel, Instructional and Management travel related to Remote Sites & Approved Sites, and then travel related to Marketing

2.47 For Remote Sites the current plan is for £184k income (FY19/20 budget £173k). The loss of the Air Mauritius income might impact Sales by £30k but Air Mauritius provided travel from Europe so travel to service that income was never in the budget.

AST Going Concern Review Paper [DRAFT]

11 June 2020

- 2.48 If there is a significant fall in Remote Site activity then there would be a reduction in these travel costs but that fall is not currently anticipated.
- 2.49 Approved Sites (CAT and Joramco) - travel related to these is contractual and refers to oversight visits, audits and also running of exam sessions. Spend in this area would only fall if one or both of those centres ceased trading or was locked down for a Second Spike Covid 19 issue. This is not anticipated at the moment.
- 2.50 Marketing – this area was underspent last year and has already been trimmed from £60k to £40k for FY2020/21. There are few if any aviation or training conferences or shows still planning to run in 2020 but it remains unclear what might run in the first half of 2021. Business development trips will occur as required and if they can be justified. One area of interest for AST is to understand how prospects for future Approved Site have survived Covid-19 and some of those conversations will best be held face to face, subject to travel restrictions and travel guidance.

Chair's Report for Perth College Board of Management Board Meeting, 20th July 2020

Chair's activity since our last board meeting has primarily been taken up with Colleges Scotland and UHI Court matters. Some of this has already been reported, but I will summarise again and highlight emerging and continuing issues.

Colleges Scotland/Chairs Discussions.

I have attended a Ministerial Meeting with Chairs and two Colleges Scotland Chairs Sub-Group discussions (Economic Recovery and how we can better focus our ideas around "Colleges in Scotland being at the heart of economic recovery").

Ministerial Discussion 17th June:

- Notes on the ministerial discussion are appended. The scope and objectives of the SFC study have now clarified somewhat. Funding continues to be a moving target and is changing day to day.

Chairs Subgroup – Economic recovery

- Discussion has focused on how we ensure Colleges are engaged, influential and meeting SG desire that we are at the heart of economic recovery. Central to this is the "Economic Regionalisation Agenda". However this does not simplify matters as there is little commonality on how the various regions have begun to organise - entirely consistent with the SG view that such activities should be self-assembling! Nevertheless we are making progress through examining examples and some recommendations on best practice will go forward to the Colleges Scotland Chairs Group for action. In the PC UHI context it is important that we understand how we are currently represented on economic and development forums across the Tayside region and take steps to address any gaps we find.

Special Meeting of Court/AP Chairs and Principals

- My notes on this meeting are appended. I have had a follow-up discussion with John Kemp, and I am assured that work is in progress to address the needs outlined in the Chair of Court's notes of the meeting. The general conclusions I drew have not changed, in that I am sure the partnership will make progress on the short-term necessities to have us all "ready to teach" for the new academic year, but that our capability to address the underlying structural and financial issues is much less certain.

SFC Review of Coherent Provision and Sustainability.

- I have circulated the papers from SFC on the review and the UHI proposals on how we shall respond. There will be a Regional Strategic Committee meeting during August to further refine UHI input. I think it is important that UHI makes a considered response that meets the needs of all of the Partnership and addresses legitimate concerns. I am concerned that the does not devolve to the pleading that UHI continues to be a special case needing special treatment, as I do not believe this will be looked on favourably this time round.

I look forward to receiving all your thoughts on this in advance of the RSC meeting in August.

UHI Investigation

- UHI have proposed a very extensive staff survey that is deeper and broader than might have been expected from the findings of the investigation – I have appraised UHI of my reservations. The principal will have further discussions with the objective of agreeing a plan that is mutually acceptable and has a clear line of sight to the investigation findings.

Scenario Planning and Future Options for the College

- We are seeking a meeting with key SG and SFC stakeholders. Their input is essential so that we can decide whether to progress the option assessment activity to the next stage.

Brian Crichton

Chair, Perth College UHI Board of Management,

13th July2020.

Appendix 1 – Ministerial Discussion

From: Brian Crichton <brian.crichton.perth@uhi.ac.uk>

Date: Wednesday, 17 June 2020 at 11:55

To: Catherine Etri <Catherine.Etri.perth@uhi.ac.uk>, Veronica Lynch <veronica.lynch.perth@uhi.ac.uk>, Lorenz Cairns <Lorenz.Cairns.perth@uhi.ac.uk>, Andrew Comrie <acomrie@icloud.com>, Ann Irvine <h.a.irvine@btinternet.com>, Charlie Shentall <charlie.shentall.perth@uhi.ac.uk>, Craig Ritchie <ritch400@gmail.com>, David Littlejohn <davidlittlejohn@icloud.com>, Debbie Hutchison <debbie_hutchison@hotmail.com>, Jim Crooks <jimcrooks800@gmail.com>, John Dare <john.dare.perth@uhi.ac.uk>, HISA Perth President <HISA.Perth.President@uhi.ac.uk>, "Sharon C. Hammell" <sharon.hammell@icloud.com>, HISA Perth VPAW <HISA.Perth.VPAW@uhi.ac.uk>, Sheena Devlin <SDevlin@pkc.gov.uk>, Katrina Hodgson <kh515202@gmail.com>, Margaret Cook <margaret.cook.perth@uhi.ac.uk>, Ian McCartney <ian.mccartney2.perth@uhi.ac.uk>
Subject: Ministerial Telecon - Richard Lochhead/College Chairs.

Pretty good discussion with RL today. Highlights (not necessarily in conversation order) with my comments on potential implications below:

- RL was challenged on where is the financial recovery plan for college sector to mirror that in place for Universities. Responded – work in progress and picture moving quickly as what is done in England may give scope for further funding through “Barnett consequential”. Hopes to revert soon.
BC – what I took from this is there are many calls for more money and it will be tough to enhance what is already in place.
- Challenges to Colleges meeting budgets with all pressures pay claims, rising salaries, changing work patterns etc. – RL sees this as a national challenge and he’ll be looking to all stakeholders to put their shoulders to the wheel. This will be the message for unions too.
BC – I guess he’ll be urging restraint on pay claims insofar as he can with the unions, and in common with SG overall approach, while not a national emergency as such it is clearly recognised that the demands of economic recovery will test the country’s social fabric.
- Colleges at the heart of Economic recovery – Input to RL is that College sector ready and willing to participate and be “at the table” in determining how we best deliver that. Positive response from RL that he will do his best to ensure representation at the right tables.
BC – there is a sense that we might be in danger of not having influence and the response went some way to alleviate that.
- SFC Study – Mike Cantley/Martin Fairborn spoke to this. Briefly they want full engagement from all stakeholders in a highly collaborative way. Confirmed that there are no Ministerial pre-determined answers, so it is in stakeholders hands. RL reiterated that he will not pre-empt the outcome but that there is the opportunity for a proper examination of how the schools/colleges/universities tertiary regional offers can best be implemented as a systemic and integrated offer – lined up with economic regions. The SFC plans to have consultation complete and a roadmap ready for reporting back to minister during August – we need to ensure our voice is heard either through RSB or directly.
BC – This is highly relevant to our current position. However Perth is probably the only player with an anomalous position where the RSB region does not line up with the economic regions (arguable the geographic spread of Argyll College puts part of it in an off position). Logic should determine that if we want change – and we have not done the work to determine that – then we should be pushing at an open door. However the politics of survival of UHI may have a bearing too. My recommendation is that we step up the fact-finding with the

potential regional partners so that we can be in a position to take an objective view of where best we need to be.

- College Agility – we demonstrated a few examples of what the colleges are doing, from those who are gearing up for extensive networking and digital delivery, to others (like Perth) who recognise the compelling offer of campus life and thus working to maximise what we can do on campus along with blended delivery.
Digital poverty/exclusion was also discussed and RL confirmed the enhanced funding coming through and that this high on the SG agenda.
BC – there are some who see this as a digital revolution resulting in a “who needs a campus” attitude. There is no right/wrong way – it does depend on what learners and their sponsors want, and we are right to recognise that. There may be a continuing tension on this as parts of UHI are more in the network as much as possible camp.

Hope this helps give a flavour of the interactions. Like all interactions with government. A mix of can do/can't do, and encouragement to the sector to be proactive in fixing issues and embracing potential for change.

Brian
Brian Crichton,
Chair, Board of Management,
Perth College UHI,
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Appendix 2 – Special Meeting of Court, AP Chairs and Principals.

From: Brian Crichton <brian.crichton.perth@uhi.ac.uk>

Date: Wednesday, 1 July 2020 at 17:56

To: Margaret Cook <margaret.cook.perth@uhi.ac.uk>, Veronica Lynch <veronica.lynch.perth@uhi.ac.uk>, Catherine Etri <Catherine.Etri.perth@uhi.ac.uk>, Lorenz Cairns <Lorenz.Cairns.perth@uhi.ac.uk>, Andrew Comrie <acomrie@icloud.com>, Ann Irvine <h.a.irvine@btinternet.com>, Charlie Shentall <charlie.shentall.perth@uhi.ac.uk>, Craig Ritchie <ritch400@gmail.com>, David Littlejohn <davidlittlejohn@icloud.com>, Debbie Hutchison <debbie_hutchison@hotmail.com>, Jim Crooks <jimcrooks800@gmail.com>, John Dare <john.dare.perth@uhi.ac.uk>, HISA Perth President <HISA.Perth.President@uhi.ac.uk>, "Sharon C. Hammell" <sharon.hammell@icloud.com>, HISA Perth VPAW <HISA.Perth.VPAW@uhi.ac.uk>, Sheena Devlin <SDevlin@pkc.gov.uk>, Katrina Hodgson <kh515202@gmail.com>, Margaret Cook <margaret.cook.perth@uhi.ac.uk>, Ian McCartney <ian.mccartney2.perth@uhi.ac.uk>
Cc: Graham Watson <gfwatson@gmail.com>, Linton S <lintonscar@hotmail.com>, "Martin, Fiona" <Fiona.Martin@sepa.org.uk>, "Cormack, Heather (Corporate Governance & Regulatory Affairs)" <heather.cormack@rbs.co.uk>, Miranda Landale <miranda@clathic.com>

Subject: Special Meeting of Court, Academic Partner Chairs and Principals - 1st July

Meeting papers attached. I have also attached a HISA statement which came out during the meeting. John Kemp will be writing up the meeting and I am sure he will do his very best to distil meaningful actions from a meeting that I and Margaret found somewhat disappointing in terms of critical review and constructive builds on the proposals arising from the EO Review and Change Management Plan. I have also heard from other chairs who share our disappointment. I will circulate John K's notes as soon as I receive them. In the meantime, some immediate comments from me follow - I have discussed my perceptions with Margaret and we are pretty closely aligned:

- Pretty unanimous endorsement of EO review recommendations – why not ? as there is nothing there that is not painfully obvious....
- Strong body of opinion that cultural and behavioural change essential to ensure the changes stick – some recognition that this needs to be structured and just saying “we will change” won’t be enough. A couple of statements that everyone “needs to be on the bus” but no-one willing to go the next step and recognise that fundamental change of people as well as core functions in EO may be required.
- Recognition that Change Management Plan is a start but it is not the whole deal. Plan needs to be fleshed out with respect to impact, especially on how the various elements contribute to reducing the deficit.
- Several comments on rate/pace not being what it needs to be to keep up with the game – as usual we are moving too slowly, and with little sense of urgency on the “big stuff”.
- Recognition that the organigrams illustrate a pretty confused picture, but no response from Crichton Lang that of course we shall have to simplify and concentrate on the essentials – instead a clutch at the idea that they need to be seen in context of how the organisation interacts with partners and where the duplication is. No recognition that a back to basics “do what is legislatively required first” and then build from there....
- Lot of talk about it is not just about EO, but also partners. Now this may be the case to some degree, but the topic at the heart of this meeting was the EO review.

Summary – I’m sure we’ll progress the operational elements of the action plan that will enable delivery of the curriculum at start of the academic year, but I am less convinced there is a real meeting of minds of APs/EO/Court/Boards on where we need to be in the future to get to a leaner, slimmer, more effective organisation. Somewhat dismayed that a number of people continue harp on about “changing the structure” when what we have is effectively a given, and it is behaviours, actions, delivery that will keep us whole and functional. In my view it has been unhelpful to conflate the underlying EO/Partnership issues and case for action with the response to Covid – it confuses the issues and deflects focus from the reality that we were heading for the financial rocks in advance of Covid.

As I noted the HISA statement came in while the meeting was on. It is essentially a further call for Integration/Unification from outgoing representatives and is quite simplistic in its approach. The new HISA president confirmed that the position is endorsed by the new representatives. Doubtless this will gain further press coverage.

Best wishes,

Brian

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Perth College UHI

Paper No. 5

Committee	Board of Management
Subject	Subsidiary Company Winding Up Order – Brahan Business Services
Date of Committee meeting	20/07/2020
Author	Henry Nicholson, Financial Adviser
Date paper prepared	02/06/2020
Executive summary of the paper	This paper outlines justifications for the winding-up of a Subsidiary Company of Perth College, namely Brahan Business Services
Consultation How has consultation with partners been carried out?	Company Director has been consulted re proposal
Action requested	<input type="checkbox"/> For information only <input type="checkbox"/> For discussion <input type="checkbox"/> For recommendation <input checked="" type="checkbox"/> For approval
Resource implications (If yes, please provide details)	Yes / No
Risk implications (If yes, please provide details)	Yes / No Click or tap here to enter text.
Link with strategy	

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<p>Please highlight how the paper links to the Strategic Plan, or assist with:</p> <ul style="list-style-type: none"> • Compliance • National Student Survey • partnership services • risk management • other activity [e.g. new opportunity] – please provide further information 	
<p><u>Equality and diversity</u></p> <p>Yes/ No</p> <p>If yes, please give details:</p>	<p>Yes/ No</p>
<p><u>Data Protection</u></p> <p>Does this activity/ proposal require a Data Protection Impact Assessment?</p>	<p>Yes/ No</p> <p>Click or tap here to enter text.</p>
<p>Status (e.g. confidential/non confidential)</p>	<p>Non-confidential</p>
<p>Freedom of information</p> <p>Can this paper be included in “open” business?*</p>	<p>Yes/No</p>

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

Its disclosure would substantially prejudice a programme of research	<input type="checkbox"/>	Its disclosure would substantially prejudice the effective conduct of public affairs	<input type="checkbox"/>
Its disclosure would substantially prejudice the commercial interests of any person or organisation	<input type="checkbox"/>	Its disclosure would constitute a breach of confidence actionable in court	<input type="checkbox"/>

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

http://www.itspublicknowledge.info/web/FILES/Public_Interest_Test.pdf

Winding up of Brahan Business Services

09 June 2020

Introduction

- 1.1 Brahan Business Services Limited ("Brahan Business Services" or the "Company") (Company number SC129419) was incorporated on 18 January 1991.
- 1.2 Brahan Business Service filed the following accounts:
 - 1.2.1 Full accounts from the year ended 31 March 1992 until the year ended 31 March 1999;
 - 1.2.2 Dormant Company accounts from the year ended 31 March 2000 until the year ended 31 July 2016; and
 - 1.2.3 Micro-Company Accounts for the years ended 31 July 2017, 2018 and 2019.
- 1.3 The oldest accounts available online are for the year ended 31 March 1995. During this year Brahan Business Services had turnover of £224. There does not appear to have been any income since.
- 1.4 Brahan Business Services has negative net assets of £694.
- 1.5 The issued share capital of the Company is two shares of £1 each. The shareholders are:
 - 1.5.1 Margaret Cook (one share); and
 - 1.5.2 Neil Simpson Curr (one share).
- 1.6 The share held by Margaret Cook was previously held by Margaret Munckton. It is not clear from the limited documentation available why the shares are owned by individuals rather than by Perth College.
- 1.7 It is possible that the incorporation of Brahan Business Services pre dates the incorporation of Perth College and that the shares are held by the individuals on behalf of Perth College. Perth College would therefore be the Ultimate Beneficial Owner of Brahan Business Services.
- 1.8 Margaret Cook and Neil Curr are also the directors of the Company. There is no company secretary currently listed but there is no requirement for there to be one. There do not appear to have been any meetings of the Directors in recent times.
- 1.9 Neil Curr was previously a lecturer at Perth College but is no longer employed by Perth College.

Purpose

- 1.10 According to the last set of full accounts for the year ended 31 March 1999 the principal activity of Brahan Business Services was advising on training opportunities.

Recommendation

- 1.11 Brahan Business Services adds additional work to the finance team having to file confirmation statements, accounts and other documents.
- 1.12 Further, retaining a legal entity about which there is such limited understanding and control presents an unnecessary risk to Perth College, particularly in light of the ownership structure.
- 1.13 The only possible justification for maintaining Brahan Business Services would be that it will be used for another purpose in the near future. However, if there is a future need for a separate legal entity then it would be preferable to incorporate such an entity at that time.
- 1.14 It is therefore recommended that Brahan Business Services should be wound up as soon as possible,

Perth College UHI

Paper No. 6

Committee	Board of Management
Subject	Subsidiary Company Winding Up Order – Air Services Training (International) Ltd
Date of Committee meeting	20/07/2020
Author	Henry Nicholson, Financial Adviser
Date paper prepared	02/06/2020
Executive summary of the paper	This paper outlines justifications for the winding-up of a Subsidiary Company of Perth College, namely Air Services Training (International) Ltd
Consultation How has consultation with partners been carried out?	Company Director has been consulted re the proposal
Action requested	<input type="checkbox"/> For information only <input type="checkbox"/> For discussion <input type="checkbox"/> For recommendation <input checked="" type="checkbox"/> For approval
Resource implications (If yes, please provide details)	Yes / No
Risk implications (If yes, please provide details)	Yes / No Click or tap here to enter text.
Link with strategy	

Perth College UHI

<p>Please highlight how the paper links to the Strategic Plan, or assist with:</p> <ul style="list-style-type: none"> • Compliance • National Student Survey • partnership services • risk management • other activity [e.g. new opportunity] – please provide further information 	
<p><u>Equality and diversity</u></p> <p>Yes/ No</p> <p>If yes, please give details:</p>	<p>Yes/ No</p>
<p><u>Data Protection</u></p> <p>Does this activity/ proposal require a Data Protection Impact Assessment?</p>	<p>Yes/ No</p> <p>Click or tap here to enter text.</p>
<p>Status (e.g. confidential/non confidential)</p>	<p>Non-confidential</p>
<p>Freedom of information</p> <p>Can this paper be included in “open” business?*</p>	<p>Yes/No</p>

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

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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"/>

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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"/>
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and

http://www.itspublicknowledge.info/web/FILES/Public_Interest_Test.pdf

Winding up of AST International

09 June 2020

Introduction

- 1.1 Air Service Training (International) Limited (“AST International” or the “Company”) (Company number SC206814) was incorporated on 4 May 2000. It has been dormant since incorporation and has filed dormant accounts annually since incorporation.
- 1.2 The share capital of the company was 1,000,000 shares of £1 each but to date only 1 share has been issued. This share was initially issued to KCB Nominees who were presumably the formation agent arm of Kippen Cambell Solicitors who were also the first Company Secretary.
- 1.3 The first annual return of the company shows the one share in issue was transferred to Perth College on 31 July 2000. The last annual return made up to 4 May 2016 show one share still in issue and owned by Perth College. Subsequent confirmation statements (which replaced the Annual Return) do not indicate any change of ownership.
- 1.4 Margaret Cook is the sole director of the company. There is no company secretary currently listed but there is no requirement for there to be one.

Purpose

- 1.5 The Memorandum of Association sets out a fairly wide set of objects. They are not repeated here.
- 1.6 Mark Taylor has confirmed that AST International held some trademarks which are no longer actively protected by Air Service Training (Engineering) Limited (AST). There is no evidence of this recorded in the financial statements.
- 1.7 As the Company has never traded and AST carries on its own international activities AST International appears to be surplus to requirements.

Recommendation

- 1.8 AST International adds additional work to the finance team having to file confirmation statements, accounts and other documents. There will be a late filing penalty for year ended 31 July 2019 and there was one for 31 July 2018 which are additional costs to the College arising from the lack of documentation retained.
- 1.9 The only information held in the finance drives that relate to periods before the year ended 31 July 2019 are PDF accounts and a confirmation statement for the year ended 31 July 2018.
- 1.10 Retaining a legal entity about which there is such limited understanding and control presents an unnecessary risk to both Perth College and AST.

- 1.11 A possible justification for maintaining AST International would be that it will be used for another purpose in the near future. This could be for Aviation Academy for Scotland but the ownership of that entity is not clear at the moment as there are additional stakeholders in the project. Accordingly I believe it would be preferable for that project to have a company properly formed for that specific purpose.
- 1.12 This proposal to wind up AST International has been discussed by the AST board who have no objections but feel it is a matter to be agreed by the Board of Management of Perth College.
- 1.13 It is therefore recommend that the Board agree that AST International should be wound up as soon as possible.

Perth College UHI

Paper 7

Committee	Board of Management
Subject	Strategic Risk Register – updated to July 2020
Date of Committee meeting	20/07/2020
Author	Ian McCartney, Clerk to the Board of Management
Date paper prepared	14/07/2020
Executive summary of the paper	<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. Items in individual Risk Areas linked to COVID-19 are highlighted in blue. In addition, these items are cross-referenced again the main COVID-19 Risk Area 30</p> <p>There have been amendments/additions to actions in Risk References 3, 5, 6, 7, 8, 12, 17, 22, 23, 25, 26 & 30. Additional impacts have been added on review to Risk 30.</p> <p>The following Risk References have had their Criteria Score amended, with reasons noted:</p> <p>Risk 2: Risk Scores reviewed in response to COVID issues</p> <p>Risk 9: Risk Scores reviewed in response to COVID issues</p> <p>Risk 11: Residual Risk score increased on review in response to COVID issues</p> <p>Risk 15: Gross Risk score increased on review in response to COVID issues</p> <p>Risk 19: Risk Scores reviewed in response to COVID issues</p> <p>Risk 22: Residual Risk Score reduced due to successful recruitment of new Board Members and Audit Action Plan</p>

Perth College UHI

	<p>Risk 28: Residual Risk Score reduced due to implementation of new Procurement Policy & Procedures roll-out</p> <p>Board are asked to consider the removal of Risk 27 from the Risk Register due to conclusion of issues related to significant Deferred Income</p> <p><u>Next Steps</u></p> <ul style="list-style-type: none"> • Risk Register requires operational items to be stored elsewhere to allow Register to focus on strategic issues; • Action Plan section needs reviewed with particular reference to overdue completion dates, and more clearly link with Audit Action Plan; • Linked risks to be rationalised. <p>The above steps were scheduled to be completed for scrutiny by the June 2020 Board meeting, however we de-prioritised due to operational pressures.</p>
<p>Consultation</p> <p>How has consultation with partners been carried out?</p>	<p>Board Members and SMT have been consulted via discussions at sub-Committees</p>
<p>Action requested</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>Resource implications</p> <p>(If yes, please provide details)</p>	<p>No</p>
<p>Risk implications</p> <p>(If yes, please provide details)</p>	<p>Without continual review of the risk register there are potential implications that strategic objectives are not met.</p>
<p>Link with strategy</p> <p>Please highlight how the paper links to the Strategic Plan, or assist with:</p> <ul style="list-style-type: none"> • Compliance 	<p>The Strategic risk register is the core risk management tool used within Perth College UHI.</p>

Perth College UHI

<ul style="list-style-type: none"> • National Student Survey • partnership services • risk management • other activity [e.g. new opportunity] – please provide further information 	
<u>Equality and diversity</u> Yes/ No If yes, please give details:	No
<u>Data Protection</u> Does this activity/ proposal require a Data Protection Impact Assessment?	No
Status (e.g. confidential/non confidential)	Non-Confidential
Freedom of information 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.

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and

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UHI STRATEGIC RISK REGISTER TEMPLATE

PARTNER: Perth College UHI

DATE: July 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	CURRENT 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. Engagement	<ul style="list-style-type: none"> • Collective reporting • Dilution of local need within decision making • Changes to Partnership structures/organisation. 	<ul style="list-style-type: none"> • Reduced student numbers. • Declining performance. • Loss of commercial potential. 	Principal	4	4	16	<ul style="list-style-type: none"> • College Board of Management and Chair kept informed of arising issues. • UHI Vice Principal Further Education and Chair of Further Education Regional Board made aware of issues. • SMT proactive in decision making forums. • Perth & Kinross CPP single outcome agreement embedded in ROA. • Create positive working relationships with Colleges Scotland and Scottish Government. 	16 (4,4)	↔	<ul style="list-style-type: none"> • Continue to highlight as appropriate. • Continue to work on and implement recommendations of current Programme Board • Work proactively within partnership and beyond. • Be proactive in discussions re. future integration 	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 Low allocation of funded student numbers from the region Academic Affairs	<ul style="list-style-type: none"> • Lack of marketing focus • Intra regional competition • Curriculum offered does not meet demand • Slow conversion of application to acceptance • Impact of school profile and jobs market • Likely impacts of Brexit COVID-19	<ul style="list-style-type: none"> • Financial. • Reputation. • National appetite for increased funded numbers. • Reduction in EU students. Lack of clarity re student progression	Depute Principal Academic/ Vice Principal External/ Associate Principal	4	4	16	<ul style="list-style-type: none"> • Review curriculum to ensure it is up to date and fit for purpose and relevant for the identified market. • Maintaining engagement with applicants. • Well informed with strong/robust evidence/business case for local demand. • Strong representation on PPF for FE and HE and on the Regional FE Committee. • Clear understanding and management of criteria within the ROA. • Endorsement of Community Planning Partnership. • Liaise with adjoining regions, colleges and providers for out of region provision. • Strategic discussions with PKC Education Department on Schools/College volume. • Ensure student numbers align to strategic plans. • Identify courses with highest EU student cohorts. • Effective marketing plan in place. • Student Number Planning using more robust data • EREP Action Plan Implementation 	16 (4,4)	↔	<ul style="list-style-type: none"> • Revised Marketing Strategy • Curriculum Review - completed • Involvement with Tay Cities Deal 	Depute Principal Academic/ Vice Principal External Vice Principal External	Ongoing Ongoing

													CURRENT ACTION PLAN			
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3 *	Active	Developing a successful and sustainable organisation.	Lack of International student recruitment. Lack of RUK student recruitment. Sustaining International Partnerships Student recruitment behind targets Engagement	• UK Regulation Registration (UKVI) • In country adverse political environment • Availability of suitable product • Marketing and attraction strategy COVID-19	• Loss of income. • Bad publicity. •Lack of student diversification Likely downturn in international recruitment	Vice Principal External	5	4	20	• Student Testimonials. • Closer links with the curriculum areas. • Working with UHI World/UHI VP International and External Engagement • Explore combined product offering between College and AST. • Delivery of Trans National Education • Protection of Tier 4 UKVI Licence • Review opportunities for employing staff in market • New International Strategy Approved by Board	20 (5.4)	↔		• Deepen and establish new relationships • Review delivery models inc commercial subsidiary • Develop exchange opportunities for students and staff • Enhance comms incl Chinese website and social channels	Vice Principal External	July 2020
4 *	Active	Developing a successful and sustainable organisation. UHI Common Risk	The institution has a poor reputation. F&GP	• Financial failure. • Consistent poor student experience/ performance • Contentious investment/ divestment • Predatory merger and acquisition • Breakdown in Partner and Staff relations • Confusion of brand identity re. Perth and UHI • Adverse publicity • Negative external perceptions due to internal processes (eg Consultation)	• Loss of income • Increased costs • Staff retention/ recruitment • Student retention/ recruitment. • Loss of accreditations. • Damage to reputation • Evidence of increased FOI requests on sensitive issues • Increase in referrals to ICO related to College activity	Principal	3	4	12	• Heightened awareness of causes of poor reputation. • Heightened reinforcement of the value of Perth College. • Building trust with Partners. • Effective marketing of College and UHI. • Maintain communication via employer engagement. • Annual marketing and PR Plan in place. .	8 (2,4)	↔		•Review, update and implement communications and PR strategy	Principal	Ongoing

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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. F&GP	<ul style="list-style-type: none"> • Reduction of Capital Grant. • Backlog of essential maintenance. • Uncertainty of future Governance model. • Lack of available funds. • Age of current campus • Risk aversion & alternative priorities 	<ul style="list-style-type: none"> • Estate poorly maintained • Inability to deliver a new improved estate fast enough. • Availability of classrooms and academic equipment does not match demand. 	Depute Principal Academic	4	3	12	<ul style="list-style-type: none"> • Attracting external investment. • Backlog maintenance risk register has now been developed. • Weekly 'Walk the Campus' and engage staff – Visible Management. • Approval of identified major building projects. • Priority to increase classroom accommodation. • Update estates planning to ensure optimum use of space freed up by completion of ASW • Ensure additional funding allocated by SFC for backlog maintenance is spent appropriately. • Tender process to commission outline plans for campus options re Estates Strategy under way 	9 (3,3)	↔	<ul style="list-style-type: none"> • Identify estates requirements. • Commission tender process for Estates Strategy 	Depute Principal Academic Head of Estates	Ongoing December 2020
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. Heightened risk of cyber attack F&GP	<ul style="list-style-type: none"> • Changes in ICT development and technology. • Changing in Learning and Teaching practices. • Increase in network delivery of teaching. • Increased use of social networking. • Inadequate VC facilities for larger classes. • Additional requirements from curriculum development and growth. • Technological innovation. • Lack of Integrated Information Systems 	<ul style="list-style-type: none"> • Higher investment in resources required. • Need to continually alter accommodation. • Available resources limit delivery options. • Poor student and staff feedback. • Lack of knowledge of system design • Duplication of data and processes 	Vice Principal External / Depute Principal Academic	4	3	12	<ul style="list-style-type: none"> • Developed robust Curriculum Development Plan. • Link ICT changes in L&T practice to Estates Planning. • Review and implement working practices to optimise available space and working times through use of CELCAT Management Reports. • Operational Planning process and resource commitments system in place. • Prioritise investment required for resources for key curriculum areas. • Ongoing evaluation of VC capacity and teaching space in line with curriculum delivery plan. • ICT rolling programme of replacement • Shared licence purchases with UHI • UHI Wi-Fi Service upgrade: Continue existing Wi-Fi network service until the new service has been proved through a pilot • Bright Space implementation -Staff training sessions ongoing throughout February • VC Application change to Webex teams. • GDPR Training sessions: Awareness of issues around transferring data • New Operational Planning Process • Change tracker for Payroll Process 	9	↔	<ul style="list-style-type: none"> • Rigorous approach to timetabling and utilisation of rooms. • ICT Budget and replacement. • Commission tender process for integrated Finance/Payroll/ HR system 	Depute Principal Academic ICT Manager Vice Principal	Ongoing Ongoing June 2021

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										<ul style="list-style-type: none"> • Communicate changes to staff and students • Opportunities/impetus presented by Scottish Government Digital Strategy 					
7	Active	Developing staff to successfully deliver our Vision. UHI Common Risk	Disruption to services/projects and/or partnership working resulting from loss of a key staff member. F&GP	<ul style="list-style-type: none"> • Poor performance management of competence issues. • Fast pace of curriculum development. • Excessive demand on CPD. • Lack of staff capability. • Poor workforce planning. • Affordability/cost of staff 	<ul style="list-style-type: none"> • Inability to compete. • Loss of business and reputation. • Potential requirement to buy in specialist staff • High staff turnover. • Poor staff satisfaction. 	Principal	3	3	9	<ul style="list-style-type: none"> • CPD reports to SMT re progress against CPD targets for professional reviews, mandatory training etc • Prioritise an appropriate level of CPD investment linked to financial sustainability. • Staff Survey results and IIP Assessment Action Plan in place and monitored • Maintain Healthy Working Lives accreditation • Succession Planning • Minimisation of single-person dependencies • Cross training 	9 (3,3)	↔	Improve completion levels for Mandatory Training	Head of HR & OD	Dec 2020

[illegible]

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													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>Academic Affairs</p>	<ul style="list-style-type: none"> • Insufficient tracking of student. • Poor understanding of student requirements. • Product not fit for purpose. • Poor delivery. • Insufficient support for students. • Mis-selling of courses/provision. <p>COVID-19</p>	<ul style="list-style-type: none"> • Loss of students. • Loss of earnings. • Adverse PR and poor reputation. • Poor future recruitment. • Poor achievement and retention. <p>Potential confusion re approaches to progression across curriculum;</p> <p>Future students recruited at inappropriate levels</p>	Depute Principal Academic/ Associate Principal	3	3	9	<ul style="list-style-type: none"> • Student tracking programme and reviews by Student Advisers. • Heightened student focus on internal communication and training evidenced by the BRAG reporting system. • Managing student expectations. • Active listening to student voice and acting on evidenced by feedback to students. • Act on Student Survey outcomes evidenced by action planning with quality reviews. • Ensure regular/ constructive formative assessment feedback to students/ customers. • Implement Complaints Procedure in line with new legislation and refresh training. • ASW opportunities roll out. • Student Partnership Agreement • NSS Action Plans implemented for courses with poor results. • Appointment of Head of Student Experience. • Self-evaluation process redesigned. • Working with HISA to conduct student focus groups. • A Student Experience Committee has been convened • Ensure findings are reported on with regards to the complaints procedure and actions identified and followed up on • Quality review process redesigned (course KPIs by exception) • Identification of protected characteristics and KPIs • Student Support Review • Revamp website with regards to the services available to support learning 	<p>9</p> <p>(3,3)</p>	↔	<ul style="list-style-type: none"> • Complaints Review • Student funding at Regional and National level. 	Depute Principal Academic	Ongoing

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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. Academic Affairs	<ul style="list-style-type: none"> • Fragmented ownership. • Lack of planning. • Over ambitious change in delivery methodology. • Wrong blend between online and face to face. • ESIF changes • Not fully within gift of PC UHI, need others/UHI to contribute COVID-19	<ul style="list-style-type: none"> • Lose students. • Financial risk through reallocation. • Students choose another provider. • Poor retention and achievement. • Disputed ownership/ responsibility for failings. PKC Learner Strategy delayed post-Outbreak	Associate Principal	3	3	9	<ul style="list-style-type: none"> • Influence/engage with development. • Meetings arranged with UHI Deans & subject network leaders • Keep in touch/listen to student views. • Active engagement in SMCT, QAEC and PPF. • UHI to commission research on impact of changed delivery methodologies. • Work with UHI, SDS and local stakeholders to enhance demand analysis. • Regional Outcome Agreement development and implementation. • Depute now sits on SMCT. • Vice Principal now sits on EPSC. • Associate Principal now sits on PPF • Curriculum Review under way • In liaison with PKC re Learner Strategy 	9 (3.3)	↑	<ul style="list-style-type: none"> • Proactively engage in implementation of UHI Strategic Plan. 	SMT	Ongoing
12 *	Active	Developing a successful and sustainable organisation.	Threat to Business Continuity Audit	<ul style="list-style-type: none"> • Major incident. • Pandemic. • Major fire. • Terrorist Activity. • UHI ICT loss of service. • Radicalisation 	<ul style="list-style-type: none"> • College closure. • Reduced/loss of service. 	Principal	5	5	25	<ul style="list-style-type: none"> • Annual Reviews of Business Continuity Plan. • Fibre ring installed. • ICT Risk Register developed and dynamic review. • Live ICT shutdown test. • Desktop exercise with CMT successfully completed. • UHI wide live exercise concluded • All actively involved in Single Policy Work Environment. • Significant increase in input to the UHI L&T Review documentation. • Business Continuity Plan reviewed around Coronavirus • Resilience team formed and meeting regularly 	20 (5,4)	↔	<ul style="list-style-type: none"> • Review non-COVID Business Continuity Plans to absorb learning from recent approaches/ solutions 	Clerk	Dec 2020

													CURRENT ACTION PLAN		
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13 *	Active	Developing a successful and sustainable organisation.	<p>Lose control of critical processes and systems through Shared Services</p> <p>Shared Service Model controlled by UHI EO and UHI Finance & General Purposes and University Court.</p> <p>F&GP</p>	<ul style="list-style-type: none"> • Insufficient planning. • Inadequate backup. • Poor training and inadequate communications. • Loss of control of direct employees. • Reduced service level. • Additional cost. • Lag in service improvement. • Loss of control over capital investment. 	<ul style="list-style-type: none"> • Disruption to business systems and student learning. • Increased costs. 	Principal	3	3	9	<ul style="list-style-type: none"> • Involved in thorough planning. Members of the LIS Shared Service Board. • Member of the Shared Service Programme Board. • Maintain Perth College input into development of shared services. • Retain DH as nominated director of USSL. 	9	↔	<ul style="list-style-type: none"> • Service Level Agreements – Staffing, Communication, Core Services (operational details to be fleshed out). • Proactive within commissioning board. 	SMT	Ongoing
14 *	Active	Developing a successful and sustainable organisation.	<p>Failure to ensure sustainability</p> <p>Weaknesses in internal controls/effective management review</p> <p>Financial monitoring reports provide insufficient detail to allow Board to track the delivery of key strategies</p> <p>F&GP</p>	<ul style="list-style-type: none"> • Change in Government control/legislation. • Ongoing Implications of ONS 	<ul style="list-style-type: none"> • Unable to plan longer term. • Unable to save to invest in larger projects. • Capital Expenditure programme halted since depreciation cash equivalent no longer available. • Potential deferral of income out with reporting periods 	Principal	3	5	15	<ul style="list-style-type: none"> • Lobbied Colleges Scotland providing evidence of unintended consequences. • Staff professionally updated in public sector accounting. • Raised issues with SFC and Scottish Government. • Constantly review as clarification of rules continues to roll out Links to Audit Action Plan 	15 (3,5)	↔	<ul style="list-style-type: none"> • Keep abreast of interpretation and updates. • Maintain awareness. • Involvement with sector, Colleges Scotland and SFC working groups. 	Vice Principal External	Ongoing
15 *	Active	Developing a successful and sustainable organisation. UHI Common Risk	<p>Financial failure/operating loss. Inability to achieve a balanced budget.</p> <p>F&GP</p>	<ul style="list-style-type: none"> • Lack of student numbers. • AST under performance. • Reduction in commercial income. • Relaunch in international recruitment. • Underfunding of student support. • Dilution of unit of resource by increase in fees only students, top-slice etc. 	<ul style="list-style-type: none"> • Increased competition. • Reduced funding available to invest or cover operational costs. • Strategic imperatives not met. • Reduction in quality of delivery/student experience. 	Principal	4	5	20	<ul style="list-style-type: none"> • Excellent internal control systems. • Ongoing dialogue re UKVI (Link to AST Risk Register) • Increased forecasting. • Flexing targets where appropriate. • Close working with sector and UHI partners 	16 (4.4)	↑	<ul style="list-style-type: none"> • Review of International Recruitment Strategy. • Review Business Development Strategy 	Principal Vice Principal External	Ongoing July 2020

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													Actions to minimise risk TO DO	Action Owner	Completion Date
				COVID-19	Financial impact of reduced student numbers, delayed Consultation process, commercial income, etc										
16 *	Active	Developing a successful and sustainable organisation. Developing staff to successfully deliver our Vision.	National Pay Bargaining unaffordable F&GP	<ul style="list-style-type: none"> National bargaining has local consequences. Agreed pay awards unaffordable for individual college. 	<ul style="list-style-type: none"> Loss of autonomy. Risk of national strike. Lack of sector agreement of mandate for negotiations. Lack of additional funding for sector pay claims. 	Principal	4	4	16	<ul style="list-style-type: none"> College membership of national forums via Chair and Principal. Attend Colleges Scotland HR & OD Group and keeps abreast of national bargaining and workforce of the future developments and how these will affect the College. 	16 (4,4)	↔	<ul style="list-style-type: none"> Continue to participate in national bargaining. Contribute to thinking on Workforce of the Future. Engage fully with Colleges Scotland 	Principal	Ongoing
17	Active	Developing a successful and sustainable organisation.	Non-compliance of Statutory Health and Safety Legislation and Equality Legislation Audit	<ul style="list-style-type: none"> Introduction of amendments to existing legislation or new unforeseen and unplanned legislation. Failure to comply with Equalities Duties and contingent statutory reporting 	<ul style="list-style-type: none"> Introduces financial and staffing resources to administer. Legal Action. Risk to Business Continuity. Financial fines. Reputational damage. 	Depute Principal Academic	5	4	20	<ul style="list-style-type: none"> Produced and implemented a detailed Health and Safety Operational Risk Management Register. Updated quarterly and reviewed by Audit Committee every 6 months. Produce Annual Report on Health and Safety. Internal audit actions/recommendations achieved. Equalities Outcomes and Mainstreaming Report. Regular review of HSE publications, website and notifications. Health and Safety Management System annual review Equality & Diversity lead appointed July 2019, with specific initial focus on statutory reporting requirements Completed Equalities Mainstreaming action plan 	16 (4,4)	↔	<ul style="list-style-type: none"> Plans in place to enforce completion of Compulsory H&S training 	Head of HR	Dec 2020

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18	Active	Developing a successful and sustainable organisation.	<p>Implication of outcome of EU Referendum</p> <p>Leading to:</p> <p>Loss of EU Funding.</p> <p>Decrease in overseas (EU) students.</p> <p>Loss of EU national staff.</p> <p>F&GP</p>	<ul style="list-style-type: none"> •Lack of numbers. •Students wishing to study within EU •Economic and fiscal uncertainty over EU exit. •Staff uncertainty 	<ul style="list-style-type: none"> •Reduced numbers of students/staff •Loss of commercial potential. •Loss of EU funding 	Principal	5	4	20	<ul style="list-style-type: none"> • Keep up to date with info flow. • Lobby through Colleges Scotland and Universities Scotland to increase funding to compensate. • Understanding the status of EU residents. • Use next two years productively as planning. • Look at opportunities, e.g. Increased fees. • Scottish Government Extension of free tuition for EU students 	15 (5,3)	↔	<ul style="list-style-type: none"> • Scottish Government looking to protect Erasmus + programme 		Ongoing
19	Active	UHI Common Risk	<p>College does not achieve allocated HE student number targets</p> <p>Academic Affairs</p>	<p>Failure to recruit sufficient students due to various factors such as: over ambitious PPF target, poor marketing, curriculum gaps, poor NNS results etc.</p> <p>COVID-19</p>	<p>Reduction of 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.</p> <p>Financial impact of reduced student numbers</p>	Depute Principal Academic/ Associate Principal	5	4	20	<ul style="list-style-type: none"> •Review curriculum to ensure robust and up to date. •Continue close partnership working within UHI. •Ongoing dialogue with PPF and academic partners. •Plan, monitor and review student numbers/applications. 	20 (5,4)	↑	<ul style="list-style-type: none"> • Implementation of Curriculum Review 	Depute Principal Academic	Ongoing
20	Active	UHI Common Risk	<p>College does not achieve allocated FE Credit targets.</p> <p>Academic Affairs</p>	<p>Failure to recruit sufficient students due to various factors such as: over ambitious target, curriculum gaps, ineffective marketing and engagement with local schools/ employers.</p> <p>COVID-19</p>	<p>Reduction of 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.</p> <p>Financial impact of reduced student numbers</p> <p>Potential for specific courses to be paused/ Discontinued</p>	Depute Principal Academic/ Associate Principal	5	4	20	<ul style="list-style-type: none"> •Review curriculum to ensure robust and up to date. •Develop external partnerships with schools. DYW and employers. •Plan, monitor and review student numbers/applications. 	20 (5,4)	↑	<ul style="list-style-type: none"> • Implementation of Curriculum Review 	Depute Principal Academic	Ongoing

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21	Active	UHI Common Risk	Non-compliance with relevant statutory regulations. Audit	Lack of awareness of relevant laws and penalties. Management failures. E.g. new General Data Protection Regulation from 25th May 2018, Bribery Act, Health and Safety Regulations, PREVENT legislation etc.	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. Potential requirement for disclosure of technical non-compliance discovered via reporting and internal/external audit (eg accounting procedures, data protection, payroll, settlement agreements, pensions, procurement, etc)	Depute Principal Academic	4	3	12	<ul style="list-style-type: none"> •Robust governance policy. •Robust management policies, procedures and systems in place. •Dedicated Health & Safety officer. •IT/Data Protection staff in place. •Mandatory staff training. •Close working relationship within UHI. •GDPR Implementation Plan • GDPR policies and procedures agreed. 	6 (2,3)	↔	<ul style="list-style-type: none"> • Continuous update and reinforcement of GDPR policies and procedures. Ensure compulsory training is conducted across organisation	Principal Head of HR	Ongoing June Board
22	Active	UHI Common Risk	Governance Failure. Audit	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	Challenge to recruit new Board Members High turnover of Board Members Action Plans arising from recent Audits are not sufficiently monitored and reported	Chair, BoM	3	3	9	<ul style="list-style-type: none"> •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 	3 (1,3)	↓	Successful recruitment of new Board Members June 2020 – Induction process to be completed Audit Action Plan in place with robust monitoring system	Clerk Chair, BOM	Aug 2020 Ongoing

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													Actions to minimise risk TO DO	Action Owner	Completion Date
				information to fully discharge their responsibilities	Failure to comply with Code of Good Governance										
23	Active	UHI Common Risk	Poor Student Experience Engagement	Poor college estate. Dispersed campus with limited facilities for social interaction. Technology failures. Limited teaching/library resources. COVID-19	Poor performance in national student satisfaction surveys. Reputational damage. Impact on ability to recruit future cohorts. Risk to core income streams. Likely down-turn in Survey scores due to lack of contact time from March 2020	Depute Principal Academic	4	3	12	•Partnership approach with HISA •Continuous student engagement, feedback and dialogue. •Ongoing Estate Maintenance and minor Refurbishments	12 (4,3)	↔	• Identify estates requirements. • Commission tender process for Estates Strategy	Depute Principal Academic Head of Estates	Ongoing December 2020
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. F&GP	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	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	•Firewalls and filters updated regularly. •Anti virus software on all corporate devices. •UHI protocols applied and adhered to. •Passwords changed regularly.	12 (3,4)	↔	• Monitoring of UHI wireless network hardware and process	ICT Manager	Ongoing

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													Actions to minimise risk TO DO	Action Owner	Completion Date
				reported in national media.											
25	Active	Developing a successful and sustainable organisation	Financial failure of commercial subsidiary F&GP	Non-compliance with governance, financial and legal processes and procedures. COVID-19	Contracts signed without required approvals. Failure to consult with College SMT and AST Board Poor outlook due to worldwide collapse in aviation market	Vice Principal External	4	5	20	<ul style="list-style-type: none"> • AST management structure reviewed. • Interim Manager in place. • Policies identified • Best practice adhered to • College Governance applied. • Advice given to AST Management Team • General Manager appointed • Going Concern work prioritised • Job Retention Scheme/Salary Holidays/Rent Reduction to reduce costs while not trading 	20 (4,5)	↔	<ul style="list-style-type: none"> • 2020/21 Business Plan reviewed once return dates are confirmed 	Vice Principal External	31 August 2020
26	Active	Developing a successful and sustainable organisation	Failure of payroll systems & procedures results in non-compliance with standards Audit	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 Staff dissatisfaction with issue and/or steps taken to rectify	Vice Principal External	5	3	15	<ul style="list-style-type: none"> • Internal Audit Action Plan commissioned and partially actioned • Affected staff informed of issue and steps being taken to rectify and recompense • 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 • 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 • 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. 	12 (4,3)	↔	<ul style="list-style-type: none"> • Review recruitment & induction processes • Compliance with relevant areas of Audit Action Plan 	Head of HR & OD Head of HR & OD	June 2020 Ongoing

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													Actions to minimise risk TO DO	Action Owner	Completion Date
										<ul style="list-style-type: none"> Internal Audit commissioned to conduct evaluation of pensions and tax payments Voluntary HMRC Disclosure made 					
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"> Approach agreed with External Auditor re treatment of deferred income on grounds of non-materiality Discussions conducted with SFC to carry over 2018/19 surplus into 2019/20 Board instructed that SFC be informed of intention to utilise fund by exception Funds invested in College Estate during 2018/19 to ensure maximum utilisation 	10 (2,5)	↔	<ul style="list-style-type: none"> Review systems to ensure that income released at milestone delivery 	Vice Principal External	31 July 2020
28	Active	Developing a successful and sustainable organisation	Procurement processes are not fully compliant with regulations F&GP	Internal processes not suitably robust	Contracts register incomplete	Vice Principal External	4	3	12	<ul style="list-style-type: none"> APUC provision of remote services from November 2018 Contracted member of APUC staff engaged by College from July 2019 Procurement Strategy updated Procurement Policy updated 	6 (2,3)	↓	<ul style="list-style-type: none"> Compliance with relevant areas of Audit Action Plan 	Head of Finance	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	CURRENT ACTION PLAN		
													Actions to minimise risk TO DO	Action Owner	Completion Date
29	Active	Developing a successful and sustainable organisation	Insufficient levels of Asset Management are in place F&GP	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">• Current Asset Register reviewed and weaknesses identified• Comparative analysis within sector conducted	12 (4,3)		<ul style="list-style-type: none">• Update Asset Register• Review Financial Regulations	Head of Finance	June 2020

[illegible]

													CURRENT 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
					Financial impact of reduced student numbers, delayed Consultation process, likely reduction of international income/AST surplus/etc (Ref 15, 19,20) Poor outlook for AST due to worldwide collapse in aviation market (Ref 25)											

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

LIKELIHOOD CRITERIA **TIMESCALE 3 YEARS**

Score	Descriptor	Probability
5 - Almost Certain	More than likely – the event is anticipated to occur	>80%
4- Likely	Fairly likely – the event will probably occur	61-80%
3 - Possible	Possible – the event is expected to occur at some time	31-60%
2 - Unlikely	Unlikely – the event could occur at some time	10-30%
1 - Very Rare	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)
5 - Catastrophic	A disaster with the potential to lead to: <ul style="list-style-type: none"> loss of a major UHI partner loss of major funding stream 	> £500,000 or lead to likely loss of key partner	<ul style="list-style-type: none"> Likely loss of key partner, curriculum area or department Litigation in progress Severe student dissatisfaction Serious quality issues/high failure rates/major delivery problems 	<ul style="list-style-type: none"> Incident or event that could result in potentially long term damage to UHI's reputation. Strategy needed to manage the incident. Adverse national media coverage Credibility in marketplace and with stakeholders significantly undermined.
4 - Major	A critical event which threatens to lead to: <ul style="list-style-type: none"> major reduction in funding major reduction in teaching/research capacity 	£250,000 - £500,000 or lead to possible loss of partner	<ul style="list-style-type: none"> Possible loss of partner and litigation threatened Major deterioration in quality/pass rates/delivery Student dissatisfaction 	<ul style="list-style-type: none"> Incident/event that could result in limited medium – short term damage to UHI's reputation at local/regional level. Adverse local media coverage Credibility in marketplace/with stakeholders is affected.
3 - Significant	A Significant 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"> General deterioration in quality/delivery but not persistent Persistence of issue could lead to litigation Students expressing concern 	<ul style="list-style-type: none"> An incident/event that could result in limited short term damage to UHI's reputation and limited to a local level. Criticism in sector or local press Credibility noted in sector only
2 - Minor	An adverse event that can be accommodated with some management effort.	£10,000 - £50,000	<ul style="list-style-type: none"> Some quality/delivery issues occurring regularly Raised by students but not considered major 	<ul style="list-style-type: none"> Low media profile Problem commented upon but credibility unaffected
1 - Insignificant	An adverse event that can be accommodated through normal operating procedures.	<£10,000	<ul style="list-style-type: none"> Quality/delivery issue considered one-off Raised by students but action in hand 	<ul style="list-style-type: none"> No adverse publicity Credibility unaffected and goes un noticed

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. 8

Committee	Board of Management
Subject	Health & Safety – Quarterly Update
Date of Committee meeting	20/07/2020
Author	Ian Bow, Health Safety & Wellbeing Adviser
Date paper prepared	02/06/2020
Executive summary of the paper	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.
Consultation How has consultation with partners been carried out?	
Action requested	<input checked="" type="checkbox"/> For information only <input type="checkbox"/> For discussion <input type="checkbox"/> For recommendation <input type="checkbox"/> For approval
Resource implications (If yes, please provide details)	Yes / No
Risk implications (If yes, please provide details)	Yes / No Click or tap here to enter text.

Perth College UHI

<p>Link with strategy</p> <p>Please highlight how the paper links to the Strategic Plan, or assist with:</p> <ul style="list-style-type: none"> • Compliance • National Student Survey • partnership services • risk management • other activity [e.g. new opportunity] – please provide further information 	
<p><u>Equality and diversity</u></p> <p>Yes/ No</p> <p>If yes, please give details:</p>	<p>Yes/ No</p>
<p><u>Data Protection</u></p> <p>Does this activity/ proposal require a Data Protection Impact Assessment?</p>	<p>Yes/ No</p> <p>Click or tap here to enter text.</p>
<p>Status (e.g. confidential/non confidential)</p>	<p>Non-confidential</p>
<p>Freedom of information</p> <p>Can this paper be included in “open” business?*</p>	<p>Yes/No</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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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

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

Control Area	Key Issues Identified	Current/Proposed Actions
COVID-19	Procedures and risk assessments for responding to the COVID-19 pandemic have been put in place. Due to the situation being fluid, review and revision of the arrangements to protect the Health, Safety and Wellbeing of our staff is ongoing.	Procedures and assessments in place with regular review and up to date documentation being produced. Return to work and study pre-planning taking place
Henderson Loggie Health and Safety Audit	Henderson Loggie have conducted an audit to review the College Health and Safety Management System. They have examined documentation and interviewed personnel.	Awaiting draft report
Health and Safety Virtual Learning Environment (VLE) Training	<p>In February 2020, the Head of HR&OD informed all staff they must renew Mandatory Health and Safety VLE training every 3 years. Training records were amended which indicated a low percentage in all areas. A deadline for completion was set and although many staff responded positively there remains an issue with overall compliance.</p> <p>As reported last quarter, the removal of Blackboard has created a gap in ongoing VLE training with Fire Awareness, Fire Marshal and Mental Health Awareness training being in limbo as this training has not transferred functionally over to Brightspace.</p>	<p>As at 18 May 2020 the percentage of Marshalls Health, Safety and Wellbeing Online Training completed is shown below. Health and Safety 1 = 65% Health and Safety 2 = 72% Stress Management = 74%</p> <p>Blackboard training has been reviewed and discussions are to take place regarding updating training packages.</p>
Department Health and Safety Reporting	Some departments have reported issues in the reporting format and how they would gather information to complete the required return.	The HR Dept is providing training records on a regular basis. The HSWA will inform Dept Management of any accident, incident, near miss etc. and what level of investigation is required.

Control Area	Key Issues Identified	Current/Proposed Actions
Health and Safety Training	<p>Proposed face to face training events programmed for June will not take place in a classroom environment.</p> <p>IOSH Training for Managers</p>	<p>The HSWA is preparing to deliver via video conferencing facilities where practicable.</p> <p>Managers have been booked onto E-Learning for IOSH Managing Safely</p> <p>One SMT member and Board member (who attends H&S Committee) have been booked on IOSH Safety for Executives and Directors</p>
Health and Safety Inspections	<p>The Health and Safety Audits conducted by the HSWA arranged for the Electrical Workshop and the Gas and Plumbing Workshop on the 18 March were postponed due to the COVID-19 pandemic.</p> <p>A proposed rolling programme of Audits for all Audits and Re-Audits has been drafted</p>	<p>Dates to be arranged on return to business.</p> <p>To be approved by H&S Committee</p>
Documentation Policies and Arrangements	<p>All Health and Safety related policies (19), organisation and arrangements (26) have been reviewed by the HSWA. No major changes.</p>	<p>Policies to be approved by Head of HR&OD, Depute Principal. H&S arrangements being circulated to Health and Safety Committee for consultation</p>
Risk Assessments	<p>Progress is being made with departments conducting and reviewing risk assessments including COSHH and manual handling. Some are encountering difficulties due to untrained personnel or confusion as to what is required. The HSWA is advising where required.</p>	<p>Audit of assessments uploaded onto PerthNet undertaken and has identified known non-compliance with policy. SDD's and SM's will be informed of gaps.</p> <p>See Training above.</p> <p>All assessments to be uploaded to onto PerthNet, managers to maintain register of assessments, review dates and assessment of new activities.</p>

Perth College UHI

Paper No. 9

Committee	Board of Management
Subject	Balanced Scorecard 2018-19 Final
Date of Committee meeting	10/06/2020
Author	Kirsty Campbell, Project & Planning Officer
Date paper prepared	21/05/2020
Executive summary of the paper	<p>Full version of the Balanced Scorecard for Academic Year 2018-19.</p> <p>The attached paper is the Balanced Scorecard, aligned with the aims and measures for the Strategic Plan & Vision 2021.</p> <p>The presentation of the data follows on from a review of the Scorecard carried out in May 2019 and presented to SMT, the College Board and its committees and based on the preferred design.</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) against the baseline data.</p> <p>Part 2 – Provide more detailed analysis (provided by the Business Owner for each KPI) and insight with a trendline giving a pictorial representation of data over the past 3 years.</p> <p>The following points are to be noted:</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 made to include actual metrics and a review of the reporting timelines.</p> <p>The next phase of work to review the Balanced Scorecard will therefore seek, with input from the Business Owner, to build in tolerances for the measures and also benchmark data eg against sector averages</p>

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	<p>where possible. A template for this information has been drafted with a view to circulation by end July 2020.</p> <p>Other work to be carried in respect of updating the Scorecard includes:</p> <ul style="list-style-type: none"> • verifying the reporting timelines ie to identify at what point of the academic year the data is available and ready to be reported to Board and Committees • the provision of more insightful commentary from Owners to be able to better inform the Board and its Committees • the Balanced Scorecard to become a quarterly standing agenda item at CMT and CBP to ensure a management level discussion of KPIs aligned to the Strategic Plan • a discussion on how the Balanced Scorecard should be published on the College website eg in full or highlight form and/or infographic <p>This data will be captured by a template distributed to Owners with a robust timeline given for completion.</p> <p>Additional Paper</p> <p>An additional paper has been provided, setting out a range of proposals to improve the format, content and perceived importance of the next iteration of the Balanced Scorecard for consideration by the Board.</p>
<p>Consultation</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>Action requested</p>	<p><input checked="" type="checkbox"/> For information only</p> <p><input type="checkbox"/> For discussion</p> <p><input type="checkbox"/> For recommendation</p> <p><input checked="" type="checkbox"/> For approval</p>

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Resource implications (If yes, please provide details)	No
Risk implications (If yes, please provide details)	No Click or tap here to enter text.
Link with strategy Please highlight how the paper links to the Strategic Plan, or assist with: <ul style="list-style-type: none"> • Compliance • National Student Survey • Partnership services • risk management • other activity [e.g. new opportunity] – please provide further information 	The Balanced Scorecard KPI's stems directly from the Perth College UHI Strategic Plan 2016-21.
<u>Equality and diversity</u> Yes/ No If yes, please give details:	No
Island communities 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

<u>Data Protection</u> Does this activity/ proposal require a Data Protection Impact Assessment?	No Click or tap here to enter text.
Status (e.g. confidential/non confidential)	Non-Confidential
Freedom of information 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.

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and

http://www.itspublicknowledge.info/web/FILES/Public_Interest_Test.pdf

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
	Students and Staff Achieving their Potential	
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	↑
		↓
	Student Satisfaction	
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(SSSES):	↑

	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)		
	Student Activity Measures		
7	Meet published FTE recruitment targets for: a) HE b) FE		
8	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		
9	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	
	Sustainability	
10	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	Students and Staff Achieving their Potential		
	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 2

Students and Staff Achieving their Potential			
Measure	Key Performance Indicator or Target	Performance	Trend
2	Students moving onto positive destinations (including progressors)		
	I. HE II. FE		

Baseline: 84.4%

Target: Improve on previous year's performance









Trend: Maintaining with slight overall improvement year on year
16-17: 84% **17-18:** 84.4% **18-19:** 85.5%

Tolerance: tbc
(+/-)

Sector Average: tbc
(+/-)

Note on performance

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



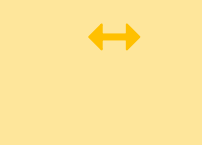

Sector Average: (+/-)

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)		


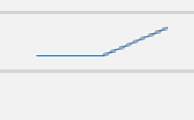
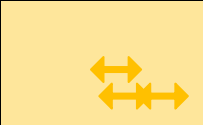

Baseline: i) 84% ii) 91%

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)		

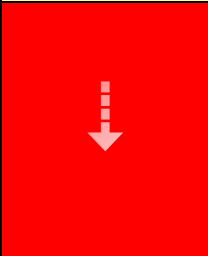
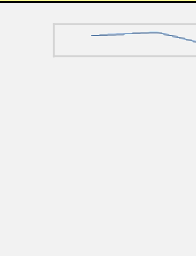
Baseline: i 92% ii 91%

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.








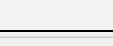


Detail of performance: Measure 7

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


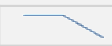





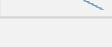





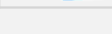
Measure	Key Performance Indicator or Target	Performance	Trend
	Track progress towards ensuring widening access analysis of data		
8	Recruitment of student to FE courses: i. SIMD20 ii. Care Experienced iii. Minority Ethnicity iv. Disability	   	   
	Number of courses with a gender ratio of greater than 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
	Track retention and attainment of all full and part-time funded college programmes		
9	FE Retention		
	a) Proportion of students retained in courses over 160hours (inc. FT)		
	i. Overall		
	ii. SIMD20		
	iii. Care experienced		
	iv. Minority Ethnicity		
	v. Disability		
	vi. Gender (F) (M)		
	b) Proportion of FT FE students attained for courses over 160 hours (inc. FT)		

Baseline: a) i. 83.6% ii. 84.7% iii. 47.9% iv. 62.5% v. 89.9%
vi. F 80.3% M 86.6%

b) 80.1%

Target: a) Improve on previous year's performance
b) Improve on previous year's performance

Trend: Slight decrease from previous year overall with improvement in 2 key areas: SIMD20 and care experienced

Tolerance: tbc

Sector Average: (+/-) tbc

Detail of performance: Measure 9

Measure	Key Performance Indicator or Target	Performance	Trend
	Track retention and attainment of all full and part-time funded college programmes		
9	FE Attainment		
	c) Proportion of students attained in courses over 160hours (inc. FT)		
	i. Overall		
	ii. SIMD20		
	iii. Care experienced		
	iv. Minority Ethnicity		
	v. Disability		
	vi. Gender		
	d) 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) Improve on previous year's performance

Trend: Maintaining overall with marked improvement in key area: care experienced and year on year decrease in figures for day 1 attainment for FT FE courses

Tolerance: tbc

Sector Average: (+/-) tbc

Detail of Performance: Measure 10a

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

Baseline: 1864 tCO₂

Target: Improve on previous year's performance with a reduction in CO₂ 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 CO₂ 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	Financial		
	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
Total	£11,252k

£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 - Balanced Scorecard Review & Actions

Proposal to Board of Management, July 2020

1. Introduction

Perth College UHI has been utilising a Targeted Balanced Scorecard approach to ensure Board Members receive regular updates on progress against Key Performance Indicators for the College Strategic Plan 2016-21.

During 2019, a comprehensive review of the Balanced Scorecard resulted in a revamped display and information template, with an increased focus on a shorter number of higher-level measures showing a stronger correlation with the College's strategic aims. The amended layout of the revised Balanced Scorecard provided a summary of high-level measures for the previous academic year together with a more detailed analysis of the data.

The aim was to provide a simplified and more accessible presentation of the performance data with more detailed analysis of each measure given further down the Scorecard report.

2. Feedback & Analysis

Although initial response to the revised format of the Balanced Scorecard was, in the main, positive, as the Board cycles progressed it became increasingly clear that frustrations with the Balanced Scorecard remained, with the following areas being identified as primary issues:

- Continued lack of metrics, in particular baseline data and sector comparators;
- Tolerance levels had been added but not populated;
- Variable standards of narrative received from data owners;
- Data/information provided being overly historic in nature, notwithstanding parameters of data collection within certain reporting areas.

The information that is collated and presented within the Balanced Scorecard emanates from data owners, and it is becoming increasingly apparent that the Balanced Scorecard is seen as a stand-alone exercise rather than being perceived as particularly meaningful work in and of itself for the data owners. On reflection, therefore, it is clear that a mechanism should be developed where data being collected for the Balanced Scorecard better connects with the wider workload, and more clearly feeds into the Strategic Plan.

3. Proposal

In order to link the data being collected and collated with the wider work of both the individual and the College, it proposed that:

- The KPIs and Targets used for the Balanced Scorecard are fed into the Annual Objectives of key individuals involved in the work required to generate the appropriate data, most notably owners of data related to KPIs;
- The narrative utilised within the Balanced Scorecard for each KPI is linked to the appropriate feedback section of the Performance/Professional Review;

- All metrics, baselines and tolerances utilised are reviewed with each data owner when Annual Objectives are being set to ensure clarity of knowledge for all data owners;
- Annual Scorecards will be published on the College website, consistent with other statistical reporting, to ensure that the KPIs and their progress are seen as core to the work of the College at all levels;
- An Infographic will be designed to ensure key information is published in an easily readable format.

In addition, key information not necessarily included within the Balanced Scorecard will be collated into a Board-level dashboard to ensure key decision-making information is available during every Board cycle.

Perth College UHI

Paper No.10

Committee	Board of Management
Subject	Policy for the approval of college policy, procedure & strategy
Date of Committee meeting	10/06/2020
Author	Jessica Borley, Quality Manager
Date paper prepared	02/06/2020
Executive summary of the paper	A major review of the existing process for the approval of college policy, strategy and procedure is currently underway. The SLWG tasked by CMT to review the process recognised that although a procedure to determine the development, approval and ongoing review of these documents had been in place for several years there were no overarching guiding principles in place for the governance of this process. This policy sets out clear principles and definitions to guide this process.
Consultation How has consultation with partners been carried out?	A short life working group from professional services staff who lead on policy and procedure was set up to review the current process. The Policy was reviewed by CMT who endorsed it in May 2020.
Action requested	<input type="checkbox"/> For information only <input type="checkbox"/> For discussion <input type="checkbox"/> For recommendation <input checked="" type="checkbox"/> For approval
Resource implications (If yes, please provide details)	Yes/ No

Perth College UHI

<p>Risk implications</p> <p>(If yes, please provide details)</p>	<p>Yes/ No</p> <p>The College is at risk if it does not have in place relevant policy and procedure to govern and guide the key business operations. Particularly with respect to ensuring appropriate policy and procedure is in place to meet legislative and Government policy.</p>
<p>Link with strategy</p> <p>Please highlight how the paper links to the Strategic Plan, or assist with:</p> <ul style="list-style-type: none"> • Compliance • National Student Survey • partnership services • risk management • other activity [e.g. new opportunity] – please provide further information 	<p>The policy links to compliance and governance of the key strategy and operational aspects of college business. Without appropriate policy or procedure, the college is at risk of not meeting key legislative and/or government policy.</p> <p>The policy links to the strategic objectives of the college by providing key principles to optimise the sustainable use of our systems, processes to provide the best possible student experience and outcomes</p> <p>Section 6 of the policy identifies the key Policy and Strategy that are linked to this Policy.</p>
<p><u>Equality and diversity</u></p> <p>Yes/ No</p> <p>If yes, please give details:</p>	<p>Yes/ No</p> <p>An equality impact assessment was completed and determined a neutral impact for this policy.</p>
<p>Island communities</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>Yes/ No</p> <p>If yes, please give details:</p> <p>Click or tap here to enter text.</p>
<p><u>Data Protection</u></p> <p>Does this activity/ proposal require a Data Protection Impact Assessment?</p>	<p>Yes/ No</p> <p>Click or tap here to enter text.</p>

Perth College UHI

Status (e.g. confidential/non confidential)	Non Confidential
Freedom of information Can this paper be included in "open" business?*	Yes/ 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

Policy for the approval of cross-college Policy, Strategy & Procedure

June 2020

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

Ask Student Services for details.

www.perth.ac.uk



Version Control History

Version Number	Date of Change	Summary of Revisions Made
1.0	May 2020	New Policy written as an action from the major review of the process document. Endorsed by CMT (20/5/2020)

Title: Approval of Cross-College Policy, Strategy & Procedure
Version/Status: V1.1, Draft
Approved By/Date: Board of Management
Effective Publication Date: tbc

Owner: Depute Principal
Lead Author: Head of Student Experience
Lead Editor: Quality Manager
Review Timing/Date: 4 years,2023/24

1 Purpose

- 1.1 To ensure appropriate Governance arrangements are in place in the creation, approval and implementation of all Cross-College Policy, Strategy and Procedure.

2 Scope

- 2.1 The policy covers the creation of all Cross-College Policy, Strategy and Procedure. It does not cover local departmental operational planning or processes.

3 Definitions

- 3.1 **Governance**, in relation to this policy, is overseen by the Board of Management or its delegated authority, to ensure that the College establishes and develops appropriate Policies, Strategies and Procedures, and has robust systems for the continuous monitoring of their proper implementation.
- 3.2 A **Policy** is a written set of principles that guide and reflect the position and values of the College on a given subject and are used as a basis for guiding and making decisions.
- 3.3 A **Strategy** is a general plan or set of plans intended to achieve a long-term or overall aim. The scope of a Strategy should align to the college's strategic aims and values and encompass relevant key policy principles.

A Strategy should have an accompanying **Action Plan** to organise and monitor activities adopted to implement the Strategy.

- 3.4 A **Procedure** (also known as Process) describes the steps to be performed to deliver the associated Policy. A Procedure will also establish who is responsible for the actions, defines acceptable practice and sets boundaries. There may be more than one Procedure associated with a Policy and more than one Policy guiding a Procedure.
- 3.5 A **Business Case** (also known as Business Proposal) describes the justification for a proposed project or undertaking on the basis of its expected benefit. Whilst a Business Case may be closely aligned to a Strategy, its primary focus is likely to be on specific aims and it may therefore be appropriate for the Business Case to be approved directly by the appropriate College or Board Committee.
- 3.6 **Lead Author** is someone whose role includes responsibility and awareness of regulatory and legislative frameworks which impact on College business.
- 3.7 **Owner** is a member of SMT who has direct accountability to ensure that the relevant Policies, Procedures and Strategies within their remit are established and implemented.

- 3.8 A **Consultation Group** will be key staff that have a stakeholder input to the document. This group should include, where relevant, trade union representation.
- 3.9 **Board** and **College Committee/Group** are constituted groups which have defined terms of reference that determine their remit and responsibilities to oversee aspects of College business.

4 Key Principles

- 4.1 There is appropriate Governance oversight of College business assuring that there are effective Policies and Procedures in place.
- 4.2 Each Policy and Procedure must align with relevant legislation and cross reference to other key documentation.
- 4.3 All Strategy should align with the College's strategic aims and where relevant be guided by Policy.
- 4.4 The implementation of a Strategy must draw upon internal and external strategic drivers and operationalise these.
- 4.5 The implementation of a Strategy must be operationalised in a streamlined way to ensure the effective and efficient use of resources.
- 4.6 Each Policy, Strategy or Procedure must have an Equality Impact Assessment written prior to being designed or updated.
- 4.7 Each Policy, Strategy or Procedure must be designed in a collaborative and consultative manner and take into account appropriate business risk.

5 Responsibilities

5.1 The **Owner** has overall accountability for the Policies, Procedures and Strategies under their remit at a strategic level

5.2 The **Lead Author** has responsibility for proactively initiating Policies and Procedures relevant to their remit.

The **Lead Author** is also responsible for ensuring that appropriate consultation takes place.

5.3 Where a Board or College Committee/Group has been identified it will have responsibility to scrutinise the document in order to endorse or approve it.

6. Linked Policies/Related Documents

6.1 List here any related Policies and any supporting Procedures.

- Equality, Diversity and Inclusivity Policy
- [Strategic Plan 2016-21](#)
- [Perth College Governance Manual](#)
- [UHI Regional Outcome Agreement 2019-20](#)
- [How Good Is Our College](#)
- [Evaluative Report and Enhancement Plan 2019-21](#)
- [Risk Management Policy](#)

7. Relevant Legislation

1. Further & Higher Education (Scotland) Act 1992 as amended by the Post-16 Education (Scotland) Act 2013
2. Relevant legislation will be noted within individual Policy and Procedure.

Perth College UHI

Paper No. 11

Committee	Board of Management
Subject	Business Development Strategy
Date of Committee meeting	20/07/2020
Author	Gareth McKenna
Date paper prepared	14/07/2020
Executive summary of the paper	<p>This Business Development Strategy sets out Perth College UHI's ambition to significantly impact the growth and development of the Perth and Kinross and Tay Cities Regional Economy. It outlines the purpose, vision and strategic approaches the College will undertake to achieve that impact.</p> <p>This strategy has been updated to reflect feedback from the Board and its committees. It provides a current update on COVID implications on the regional economy and the College's role in upskilling and reskilling the workforce to support economic recovery.</p>
Consultation How has consultation with partners been carried out?	Collaboration through stakeholder forums both internally and externally to the College.
Action requested	<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

Resource implications (If yes, please provide details)	Yes/ No The resources to deliver this strategy for 2020/21 are included within the Perth College budget.
Risk implications (If yes, please provide details)	Yes/ No There is a risk that the income targets included within the budget are unable to be delivered as a result of COVID19 Mitigation – Budget includes prudent budget assumptions There is a risk that Roadmap timelines may be ambitious with an extended period of remote working Mitigation – These timelines will be monitored closely and re-aligned where external factors result in delays in delivery.
Link with strategy Please highlight how the paper links to the Strategic Plan, or assist with: <ul style="list-style-type: none"> • Compliance • National Student Survey • partnership services • risk management • other activity [e.g. new opportunity] – please provide further information 	The paper links to college strategic plan to support and improve position of college in developing and maintain business partnerships that drive revenue, enhance our reach and influence and add to the economy and economic recovery in our region.
<u>Equality and diversity</u> Yes/ No If yes, please give details:	Yes/ No
Island communities Does this activity/ proposal have an effect on an island community which is significantly different from its	Yes/ No If yes, please give details: Click or tap here to enter text.

Perth College UHI

effect on other communities (including other island communities)?	
Data Protection Does this activity/ proposal require a Data Protection Impact Assessment?	Yes/ No Click or tap here to enter text.
Status (e.g. confidential/non confidential)	Non Confidential
Freedom of information Can this paper be included in "open" business?	Yes, however commercially sensitive information would be redacted

* 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"/>
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Perth College UHI Business Development Strategy 2019-2024

Introduction

This Business Development Strategy sets out Perth College UHI's ambition to significantly impact the growth and development of the Perth and Kinross and Tay Cities Regional Economy. 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 business competitiveness and productivity of our customers through supplying and developing the regional workforce of our industry and stakeholder partners across the Tay Cities region. This Business Development 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.

In summary this strategy and structure will allow Business Engagement Team to interface with curriculum and businesses by:

- Developing and implementing with each academic sector a “sector development plan”. This plan will outline our business engagement approach with all academic sectors. The plan will bring together a clear understanding of the skills and other business needs within the region, how we can support those needs and how we work together to maximize our business relationships.
- Scoping out the potential of a separate commercial subsidiary that enhances our competitiveness in our business markets.
- Developing a clearly defined plan for Perth College Development Trust and upcoming projects/initiatives
- Developing a key account system with each business that we are engaging and working with in order to plan, monitor and review our position. In addition, gathering intelligence and trends in order to best serve their needs.
- Assigning a member of Business Engagement Team to each academic sector. This person will have a dedicated remit with each academic sector. In some instances, the Development Trust Manager will be assigned to support projects/initiatives involving Development Trust.
- Ensuring the Business Engagement Team work with academic sectors to support each sectors development plan, strategically and operationally and in addition build knowledge within each sector to support academic colleagues and gain trust.
- Ensuring each member of the Business Engagement Team will work across FWDF and MA's and be pivotal to driving commercial development opportunity and growth with academic colleagues.

- Supporting the Business Engagement Team with access to the equivalent of a 0.5 marketing post to promote and communicate with all relevant partners through modern day communication platforms and channels. Enhancing our ability to influence and educate our business partners on opportunities we can provide and in addition showcase other work we are delivering or have completed.
- Ensuring this new structure enhances our ability to have joint and aligned intelligence and approach to each business account/partner. This requires us to have a “customer relationship management” system that is populated accordingly and enables us to maximize opportunities across all areas of Perth College UHI, whilst providing greater value to our business partners.
- Supporting other internal commercial opportunities ensuring we maximize our internal assets, enhance our potential to offer benefits to our business partners, further enhance student experience and raise profile of college even further.
- Ensuring the fundamental outcome of this structure is to meet all our strategic and operational objectives, maximizing our business opportunities through enhanced knowledge, expertise, resource, networks and innovation.
- This strategy and structure be supported by investment that allows for:
 - Academic colleagues and or Associate staff to support business opportunities and delivery
 - Business Engagement Team trained/recruited with remit to drive business and enhance partnerships across all areas of each academic sector
 - The structure, roles and skill-set of Business Engagement Team to be aligned with strategic and operational outcomes
 - Marketing and communication support
 - CRM system to be developed and supported
 - Knowledge exchange across all college departments through collaboration
 - Culture of “business success” established in our work and across all strategic aims
 - Clearly identified and agreed plans and projects that can be supported by the Development Trust
- COVID 19 has had a major impact on the region of Perth and Kinross and the strategy has now been updated with current information on the impact of the pandemic for the people and businesses of Perth and Kinross. (Appendix 3). The stats make for sobering reading, however Perth College has a key role to play in the economic recovery within our region and we are currently engaged with numerous groups and networks that will ensure we are key players in supporting people and businesses in this difficult time. We are already working hard to develop innovative learning platforms that will allow our students and business partners to be supported during this time. We are working across industries and we have also updated this strategy with industry specific information as can also be seen in appendix 3.
- Headline stats have also been inserted into the “Perth and Kinross Regional workforce” chapter (below)
- The impact of COVID-19 means we are currently re-assessing targets and timescales previously highlighted within this strategy and also other business opportunities.

2. Strategic and Market Context

As both a College and a University, Perth College UHI is uniquely placed to support the strategic opportunities and challenges within the Perth and Kinross region, while impacting the Scottish economy in key industry areas including Aviation, Engineering, the Rural Environment, Health, Hospitality, Teaching, Business Management and the Creative Economy. This is due to a combination of teaching and research expertise as well as our location being within 50 miles of 90% of Scotland's population.

Perth College UHI's Regional Connectivity

Perth College UHI is one of the largest partners in the University of the Highlands and Islands and is proud to serve the needs of its local area, as a key partner within the Tay Cities Region as well as the wider Highlands and Islands Region and beyond. Our Business Development activities will predominantly support the Perth and Kinross business and stakeholder community, our niche expertise in specific areas will widen the market opportunity across Scotland and internationally.

The Perth and Kinross regional economy is extremely strong, demonstrated by the following characteristics:

Perth and Kinross Regional Workforce (INSERTED 10/7/2020 COVID 19 UPDATE)

A population of 151,300 a 0.3% increase from 2016. The region has had a 5.7% population growth since 2008, 1% above the national average. This is however forecasted to slow to 1% growth by 2028, slightly behind the national Perth and Kinross relies on migration both from within the UK and from overseas. If we remove migration the population base would have shrunk by 2.8% in the same period. The demographic profile of inward migrants is weighted heavily towards the working population.

The projected population rates across the term of this strategy in Perth and Kinross are

2019	152,748
2020	153,537
2021	154,303
2022	154,990
2023	155,650
2024	156,924

Unemployment rates are at 2.9% (below the Scottish average of 4.1%). Workless households reduced from 15.3% to 13.9% since 2017 compared to 17.1% nationally down from 18%. Alongside this, there is a higher level of economic inactivity, not looking for work, primarily impacted by a higher than average retired population of 27.7% compared to 15.3% nationally.

Within the region we are seeing demand in skills growth for

- Construction
- Health and Social Care
- Administration
- Support Services
- Tourism
- Energy
- Clerical, sales, retail

We are seeing skills decline requirements for

- Primary Industries
- Manufacturing
- Public Administration
- Defence

The 2018 Annual Participation Measure showed that 94% of 16-19 year olds were in education, employment or training and personal development above the national average at 91.8%. In addition, the workforce is more highly qualified at all levels of qualifications on average by 3-8% compared to the national average.

With these lower levels of unemployment and higher participation rates, employers finding skilled staff can be more challenging. Perth College UHI has a key role to play in supporting our regional businesses to find their new recruits, expand their workforce and upskilling their existing staff to progress to higher level roles. This will create openings for our students and those looking to get back into work, as well as increasing the productivity of those businesses.

Perth and Kinross Business Base

The region comprises 6,165 enterprises. Of these, 5,435 (88%) are micro businesses, 620 (10.1%) small, 100 medium (1.6%) and 15 large (0.2%) all employing a total of 60,000 employee jobs with a net outward migration of 4,000 people who live in the region but work outside. A further 12,200 people are self-employed.

The business start-up rate over a 12-month average is 6.49% in Perth and Kinross compared to the Scottish average of 6.25%

Perth and Kinross 5-year business survival rate are higher than the Scottish average and self-employment sits at 11.6%, compared to 8.6% nationally.

Workplace earnings in Perth and Kinross are 7.3% below Scottish level and have been below Scottish level for over 5 year, this is mainly due to the sectoral make-up of the local economy with high reliance on tourism, agriculture, retail and food and drink industries.

The region's weekly earnings sit slightly above the national average at £569.70 compared to £562.70 coupled with regional productivity (GVA per job) at £49,500 compared to £47,300 nationally. The growth projections to 2028 are at 1.3% in line with the national average. This despite overall regional GVA growth projections to 2028 being at 1.4% against 1.6% nationally.

Businesses are facing uncertainties in accessing the right skills, exacerbated by Brexit, potentially leading to restrictions on free movement of people and potential lower inward migration of people from EU. Attracting new entrants into the workforce, offering equality of opportunity across the region and increasing productivity within the existing workforce will be key to achieving sustainable economic growth.

In order to match other OECD countries, Scotland's productivity would need to increase by 20%. With Perth and Kinross GVA growth projected to be 0.2% slower than the national projection, this will require an estimated 22% growth to compete with other nations. Increased levels of innovation coupled with stronger levels of workforce development and work-based learning approaches, particularly apprenticeships and vocational qualifications undertaken on the job within the workplace will be required to support that growth.

Re-alignment of Perth and Kinross Skills Profile

Labour market forecasts predict a changing profile of role types across the Perth and Kinross Region. Across the 10-year period, there is a predicted requirement for 18,100 workforce. This includes an expansion demand of 500 people and 17,600 replacement demand to account for leavers and retirements.

P&K Growth Industries to 2028	P&K Industries in Decline to 2028
Health and Social Care Construction Administration Support Services Business and Public Service Professionals Financial and business services Tourism Energy Elementary occupations – Clerical, Sales, Wholesale, Retail	Primary Industries Manufacturing Public Administration Defence Overall decline in demand for mid-level skills

Across that 10-year period, the job profile roles are predicted to realign towards a higher proportion of staff across the region within elementary occupations.

- Lower proportion of workforce in professional and technical occupations (39% in 2018 to 36% in 2028)
- Intermediate skilled occupations (33% in 2018 to 19% in 2028)
- Higher proportion of workforce within elementary occupations (28% in 2018 to 45% in 2028)

This changing employment profile has the potential to reduce the diverse strength of Perth and Kinross regional economy, potentially leading to:

- Greater levels of In-work poverty
- Under employment and reduced productivity
- Reduced levels of Innovation
- Limiting GVA/GDP per head

Covid-19 update

The initial impacts of the very sudden and severe economic downturn as a result of the lockdown on many businesses are starting to emerge. There has been a sharp rise in unemployment and significant numbers of the workforce across Perth and Kinross furloughed. Unfortunately a number of businesses have started to make redundancies or very sadly close.

A report published on 2 July 2020 by the Scottish Chambers of Commerce reports business confidence at a record low, and this has been mirrored within Perth and Kinross with over 80% of local businesses reporting significant reductions in income. Other stats include:

- * 4,340 people were claiming Universal Credit in May. The claimant count rate more than doubled in the 2 months since lockdown began.
- * The impact of the Pandemic on the numbers of people claiming Universal Credit in Perth City was slightly higher than the Scottish average.
- * 30.8% of Perth & Kinross workforce were furloughed, above the Scottish level at 25%.
- * The value of building works covered by a Building Warrant contracted by 80.1%.
- * In the Business Barometer survey of over 1,000 local businesses, 80% of respondents reported a loss of income, and 20% indicated they will cut jobs.
- * 42% of businesses had applied to HMRC to furlough workers

- * Coronavirus Job Retention Scheme claims made up to 31 May 2020 in Scotland amounted to 628,200 employments furloughed. Out of that number, 19,700 claims were made in Perth & Kinross.
- * 30.8% of Perth & Kinross workforce were furloughed.
- * 18.5% of UK claims were in Wholesale and Retail sector and 16.1% were in Accommodation and Food Services.
- * The impact of the pandemic was felt in all major sectors and localities in Perth & Kinross, with 80% of businesses reporting a loss of income due to the crisis.
- * As a result, business owners reached for support available across a number of different agencies and support schemes. 63% of the businesses accessed the Small Business Support Grant administered by Perth & Kinross Council.

Industry sectors (COVID-19) impact

The impact of COVID-19 of individual sectors is highlighted in appendix 3 and includes the following sectors:

- * Manufacturing and Construction
- * Tourism, Hospitality and Leisure
- * Agriculture, Food and Drink Processing
- * Professional Services
- * Trades and other services
- * Retail

The Changing World of Work

The OECD predicts that around 14% of jobs in the UK will be at high risk from automation and digital technologies, mostly in the intermediate skilled occupations. In 10-15 years' time, jobs not impacted by automation and artificial intelligence will be the exception.

Industries will be forced to deploy their workforce more efficiently to remain competitive. Labour intensive businesses will need to review and reinvent their business models, making better use of smart technologies and using their staff more effectively. This will all require higher levels of upskilling and reskilling with all staff requiring continued learning throughout their lives to keep pace with rapidly changing working environments.

The nature of work will focus on shorter, flexible contracts, staff being willing to be mobile, and working with a number of companies during their careers, higher levels of home working, reduction of traditional hours working and undertaking multiple roles concurrently.

Although less conventional working models demonstrate advantages for businesses and for individuals, particularly in terms of flexibility, there are concerns about their perceived disadvantages, including their impact on equality, productivity and growth.

Those not in employment typically have less investment in learning, however with these changing demands of work, a focus on this target group to ensure their skills remain current and ensure they can rejoin the workforce, will be a key focus of this strategy.

The Scottish Government recognises the impact that Colleges have in engaging with employers in shaping and developing the skills needed to address the future challenges faced by business and in re-building the lifelong learning ethos.

This strategy focusses on how Perth College UHI will utilise the range of tools and interventions available from across our range of stakeholder partners to address these opportunities to increase engagement with business to adapt the learning and teaching to support the current and future skills

requirements of business, to influence the regional skill mix, to increase the availability of skilled entrants to the market and to upskill and reskill the existing workforce.

3. Competitor Analysis

The College has a range of competitors delivering similar services to business that will impact different strands of activity at various times. These include:

Other Colleges – Inverness, Dundee and Angus, Fife and Forth Valley Colleges all have dedicated Business Development teams with a track record over a longer period of time compared to Perth College UHI. All of these Colleges are active within the Perth and Kinross region with existing commercial relationships with customers for whom Perth College UHI should be their 'home College'. This will require a re-engagement with those businesses to recognise the role that we can play in supporting the full needs of their business.

There are a number of Private Training companies in our region (e.g. NGT Training, Goal Training. Many of these providers are particularly prevalent within the Work based learning space. Industry bodies such as CITB, SECCT, SNIPEF etc. act as Managing Agents for apprenticeships and subcontracting that service to Colleges and other training providers. This means that as a subcontractor, the College receives a proportion of the fee. This can also cause confusion in the marketplace. In addition, many of the larger employers operate their own Modern Apprenticeship contract or in-house training programmes and would not necessarily invest in external training.

4. SWOT Analysis

Strengths

- Knowledge of Regional Business community needs
- Connected to regional business community through Business Development and Curriculum teams
- Current work and impact with regional business community
- Current impact within FWD and MA's
- ASW growing as a commercial business – this can be used as template for other internal commercial opportunities
- Connected and visible through Colleges Scotland forums
- Well placed to support economic recovery within region from COVID-19

Weaknesses

- Business approach not aligned within Perth College UHI
- Departments are working individually rather than collectively
- Lack of cohesive strategy and approach surrounding Business Development
- Lack of pricing/costing model that provides clarity to all our work
- Lack of marketing and communication strategy to business community and our own internal commercial activities
- Lack of any business development plans for each academic sector
- Lack of appropriate systems to manage business relationships
- Generic rather than industry specific knowledge within BD team
- Time and capacity within academic sectors to support BD opportunities and delivery
- Current uncertainty of continual impact of COVID-19

Opportunities

- To re-start, re-centre and refresh our approach to our regional business community with “professional” aligned approach supported by SMT and driven through modern marketing and communication platforms as well as influencing through strong networks of people and customer relationships
- Develop a cohesive approach to all business opportunities for PC UHI
- Develop a cohesive and aligned business marketing and communication strategy
- Develop a clear and competitive pricing structure for all our business opportunities
- Develop clear understanding of our ambition to drive commercial opportunities internally with our own assets
- To create a commercial culture across all agreed areas of PC UHI
- To reward and celebrate commercial success
- Develop fully functional systems to enable business engagement and improved co-ordination and communication of opportunities including a Business Opportunity process and a CRM system
- To employ/train talented individuals to enhance BET (Business Engagement Team), in turn enhancing confidence of our curriculum sectors to work cohesively
- To develop academic sector business development plans that prioritise work in each sector and provide a more cohesive approach between BET, curriculum sectors and regional business community
- Build marketing and communication platforms/collateral that ensure clarity of our services, products, prices and impact
- To further develop commercial opportunities on campus that complement and enhance current commercial assets enabling greater impact commercially and enhance business and community relationships
- To support the recovery of individual and businesses recovering from COVID-19 impact

Threats

- A lack of resource to support above (failure to speculate to accumulate)
- Trying to move too quickly and only serve to damage reputation further
- Opening doors for other competitors to impact in our region
- Not matching our competitor ambitions
- Not having the appropriate individual and organisational talent to maximise our potential
- Not embedding the appropriate systems and processes to ensure cohesive, aligned and analytical approach to businesses
- Negative press coverage
- Economic impact in our region from COVID-19

5. Mission, Vision & Strategic Aims

Mission

“Maximise the potential of our students, staff, partners and commercial assets”

Vision

“A business engagement team that makes a difference. We inspire, support and deliver by working in partnership” – Alternative suggestion – ‘A Successful Regional College that positively impacts business skills, competitiveness and productivity through the provision of high-quality industry focussed learning, qualifications, workforce development and innovation.

Strategic Aims



Profit

“To be focused on securing a diverse source of revenue, whilst managing resources efficiently and sustainably with optimal impact”



Programmes

“To deliver exemplary programmes and levels of service that meet the needs of our students, staff, partners and customers, ensuring sustainable business relationships”



Processes and systems

“To develop and implement processes and systems that cultivate an environment of joint working, alignment, knowledge exchange and enhance our business intelligence and outcomes”



People

“To invest in, support and empower people by developing and creating opportunities that lead to a high quality workforce that can meet the needs of our region, our partners and our own internal commercial opportunities”



Places

“To develop and create a business development environment that attracts and enables people, services and facilities to maximise their potential”



Profile

“To ensure our Business Engagement Team is able to promote, inform and influence through modern marketing and communication channels”



Partnerships

“To develop relevant partnerships that realise business opportunities, enhance our reach and foster sustainability”

Values

- To develop relationships that make a positive difference in the lives of our students, staff, partners and customers
- To provide an outstanding service and deliver premium value
- To work together to meet the needs of our students, staff, partners and customers
- Value our people, encourage and support their development and performance- their success is our success
- We exhibit a will to win in the marketplace, we celebrate success and we encourage it
- We encourage entrepreneurial thinking and practice
- We are personally accountable as individuals and as a team to deliver on our commitments

We want to be recognised as:

- Fully understanding, supporting and influencing the demographic and economic needs of our region
- Welcoming and encouraging stakeholder involvement
- Enabling our staff, students and partners to excel
- Fully understanding the potential of our own assets and how we maximise their value
- Being innovative and successful
- Being a valued and integral partner that supports the local, regional and national economy
- Securing a diversity of resource by constantly developing and enhancing our reach and influence through innovative, sustainable partnership working

Strapline:

#WORKINGWITHYOU

6. Strategy Map & Balanced Scorecard (The recent impact of COVID19 will have an impact on our targets for 20-21 and beyond and this is being currently assessed)

Strategic Objective	KPI	Target	RAG Status
"To be focused on securing a diverse source of revenue, by making us more competitive in the marketplace, whilst managing resources efficiently and sustainably with optimal impact"	To increase our income generation on MA's and FWDF by 10% year on year from 20-21. FWDF target for 20-21 is £175,000 (£45,000 increase on 19-20) MA target for 20-21 is £195,000 (£25,000 increase on 19-20)	Scope out the potential for a separate subsidiary company for all commercial work undertaken by the Business Engagement Team	20-21
	To increase our private training contract to business partners by 10% year on year from 20-21	To develop business plans for all internal commercial opportunities/operations	20-21
	To increase revenue in ASW by 5-10% year on year from 19-20 (Target of £500,000 in 20-21 up from £460,000 in 19-20)	To put in place appropriate staffing model for all our work, that enables us to be competitive and maximize return	20-21
	To increase the number of public contracts applied for and being successful by 10-15% year in year from 20-21 To ensure the Development Trust has clearly defined plans to meet income targets (scholarships to rise to 53 from 47- 2 new projects to be undertaken for fundraising AAS and wellness garden- £50,000 raised in 20-21)	To identify projects for the Development Trust through clearly defined plans for fundraising	20-21
	To always ensure a margin/profit in all our business negotiations/bids/contracts	To develop a costing model that ensure competitiveness in our market places Review our current budget structure to encompass range of	20-21

		activity within Business Engagement Team, ascertain and mitigate risk and develop financial foot-print for all things commercial	
<p>“To deliver exemplary programmes and levels of service that meet the needs of our students, staff, partners and customers, ensuring sustainable business relationships”</p> <p>Please see appendix 1 and 2 as example of good practice</p>	To spend time significantly enhancing our business intelligence on the needs of our business partners to support targets above	Develop and install a key account system/process with each our business partners and within our operations	20-21
	To increase the number of industry advisory Boards we currently work with by 2-3 each year	Through our key account system and networks within industry look to have 1-2 industry advisory Board meetings per year that support our requirement for regional and industry needs	20-21
	Ensure we continually understand the needs of our customers/users of all our internal commercial operations	<p>Set up a number of user forums for all internal operations in order we are delivering needs of customer and are businesses are relevant to demand/market changes.</p> <p>Ensure we are up to date with industry competitors/trends through research and appropriate networks in place</p>	20-21

<p>“To develop and implement processes and systems that cultivate an environment of joint working, alignment, knowledge exchange and enhance our business intelligence and outcomes”</p>	<p>To significantly improve the way as a College we engage and monitor our position with business partners</p> <p>To have maximum of 2 points of contact for each business partner</p> <p>To openly share intelligence and networks between all colleagues to ensure we are maximizing our business potential with each partner</p> <p>To ensure the systems and processes we use and operate continually enhance business intelligence and allow us to enhance our service provision and generate additional and sustained business</p> <p>Develop “dashboard” monitoring tools that allow us to monitor our business impact</p>	<p>Develop a CRM system that is populated through our</p> <ol style="list-style-type: none"> 1. Sector development planning and operation 2. Sharing of intelligence across all the sector plans. 3 Training on CRM and continual updates of CRM are embedded in our operation 4. Commitment to allow time for key personnel to develop and continually improve our planning, operation, process and systems across BET and academic sectors <p>Continually improve systems and processes within our own internal commercial assets including XN leisure management</p> <p>Review our system provision in relation to point of sales systems at ASW, catering provision and other commercial areas. One system approach across College?</p> <p>Quantitative and Qualitative measures (see paragraph 11 for examples)</p>	<p>20-21</p>
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<p>“To invest in, support and empower people by developing and creating opportunities that lead to a high-quality workforce that can meet the needs of our region, our partners and our own internal commercial opportunities”</p>	<p>To employ/train people to have required skill set required to develop and meet our business targets</p>	<p>Develop an enabling staffing structure within BET to increase revenue across the College.</p>	20-21
	<p>Develop a platform to continually engage with business partners that provides alignment, business intelligence, builds trust and sustainable relationships and in doing so ensures PC UHI has the intelligence to develop regional workforce and attracts greater share of business</p>	<p>To assign each staff member with agreed KPI's and targets both quantitative and qualitative to internal and external partners using key account system and process</p>	20-21
	<p>Ensure our BET and internal commercial assets are staffed by appropriately skilled people. Create an environment of commercialism with key staff.</p>	<p>In developing our separate subsidiary company ensure key staff have the ability to be incentivized by meeting targets and that our staffing awards are matched to others in the industry in order to keep key staff and also ensure we are competitive in other staffing areas.</p>	20-21
<p>“To develop and create a business development environment that attracts and enables people, services and facilities to maximise their potential”</p>	<p>To create a culture with staff we employ within the BET of understanding the business and people of each business in all our negotiations and work with each business partner</p>	<p>To develop industry advisory boards across all academic sectors that inform further our understanding of business needs and ability to provide be-spoke opportunities.</p>	21-22
		<p>To develop a business partner benefits programme that enhances our position with each business we work with and provides support for employees of each business and their families. Build Loyalty to Perth College UHI.</p>	19-20

	To ensure within all our commercial assets that our customer service is at the forefront of our culture to ensure growth and sustained business loyalty	To develop an environment where “we go the extra mile” to provide a service that others cannot match (quality of partnership/ service /partner benefits, in doing so we become “destination of choice” for our partners/customers	20-21
“To ensure our Business Development Department is able to promote, inform and influence through modern marketing and communication channels”	To continually showcase our services, our people and our impact in addition to growing our reach and profile. To enhance our social media reach by 50% in 20-21 within the BET and also grow our commercial internal marketing and communication reach (ASW) by 10% each year.	To develop a marketing and communication strategy and operation that allows us to better inform all our partners and customers of our services, in doing so also showcase our successes.	20-21
	When working with business ensure we can meet with them and present to them in a professional and be-spoke manner	Develop FB/LinkedIn /Twitter pages for BET Develop appropriate marketing collateral that enhances our ability to sell our services and leaves a lasting impression with business contacts.	20-21
	Create a culture that understands the essential need for continuous marketing support, initiatives and operation within a commercial environment. Ensuring we are relevant to today’s society and up to date with new forms of marketing and communication	Support from marketing (equivalent 0.5) post to cover BET and all commercial assets including ASW	21-22
“To develop relevant partnerships that realise business opportunities, enhance our reach and foster sustainability”	Continually grow our “live” business accounts as highlighted above. In addition also recognize business accounts and sectors that are not bearing fruit in order to focus resources on “best return”	Through our sector development planning and effective use of our CRM system and staff working within our business region develop our ability to prioritize the focus of our work for best return on investment.	20-21

	<p>Develop initiatives with BET, internal and external colleagues that may open up new partnerships and environments, improve position on existing environments leading to business opportunity, greater reach and advanced position in the market place with other competitors</p>	<p>Embed a collaborative commercial culture across the College with a view to:</p> <ol style="list-style-type: none"> 1. Winning more, competitiveness in marketplace 2. Aligned and joint approach to winning business 3. Profit. 4. Sustainable partnerships. profile and reach 5. Establish customer relationships within each business that give access to influence decision makers 	21-22
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7. Key Initiatives to Achieve the Strategic Objectives

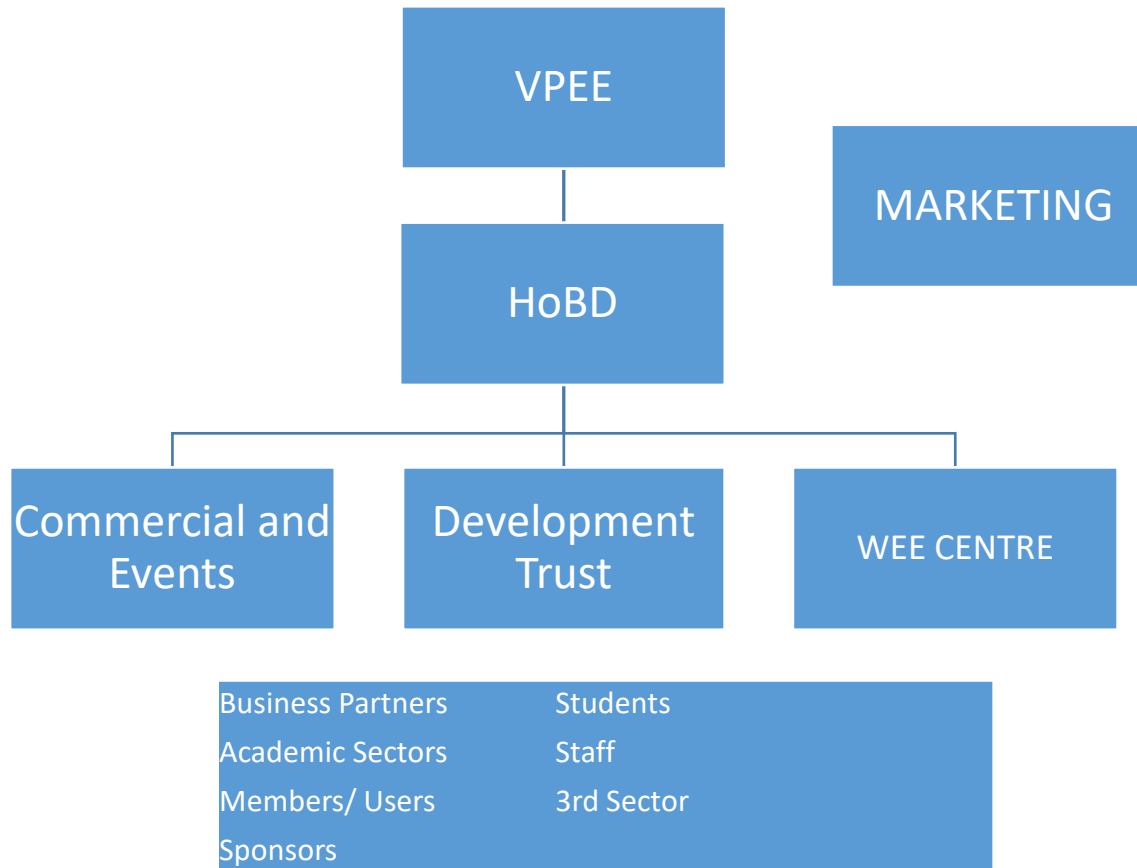
Phase 1 (2019/20)	Phase 2 (2020-2022)	Phase 3 (2023-2024)
<p>a. Introduce Industry Advisory Boards and sector development plans across sectoral teams in order to:</p> <p>Influence skills and programmes</p> <p>Capture and utilise market intelligence</p> <p>Offer opportunities to attract new skilled workforce</p> <p>Support existing workforce development needs</p> <p>Ensure aligned and joint approach</p> <p>Grow Knowledge between BET and Academic Departments</p> <p>Increase capacity to grasp opportunity and maximize outcomes</p> <p>b. Identify Key Target customers, donors and alumni for range of commercial and sponsorship services</p> <p>c. Implement Key Account Approach introducing a tiered service across customer base</p> <p>d. Introduce CRM System with a cross College implementation plan</p> <p>e. Introduce range of cohesive services to business including</p> <p>Work based learning portfolio (FA, MA, GA, VQs)</p> <p>Commercial, short and bespoke courses</p>	<p>a. CRM system in place, used and supported and updated by all areas within College, assisting us with business intelligence and increased business across all sectors of Perth College UHI</p> <p>b. FWD and MA's increased by minimum of 10% each year from 2020-21 being met</p> <p>c. Increase in private training contracts to business partners by 10% year on year from 20-21 met</p> <p>d. increased revenue in ASW by 5-10% year on year from 19-20 met</p> <p>e. increase in the number of public contracts applied for and being successful by 10-15% year in year from 20-21 being met</p> <p>f. One to one business meetings with key business partners carried out, supported by professional presentation and collateral and impact as above</p> <p>g. significantly improved our position to react and be proactive to funding opportunities that are available through our sector development</p>	<p>a. Industry Advisory Board set up across all 4 academic sectors</p> <p>b. Our targets for public and private commercial work have been met and are now showing sustainable trends</p> <p>c. Business relationships with all business partners are now well established through joint planning and delivery with all partners</p> <p>d. Be-spoke and off the shelf programmes are now being delivered across our business partners and we are making impact with industry focused projects</p> <p>e. Our marketing and communication strategy and operation has ensured we have significantly increased our reach and influence. In addition, we now have a "bank" of professional presentations, marketing collateral that is relevant to generic and specific business operations.</p> <p>f. Our sector development plans and interaction with academic colleagues and associate staff now allow us to work with more trust, agility and velocity</p> <p>g. Development Trust and Development Committee are now more pro-active with funding generated for strategic projects and pipeline projects in place for next 3 years with</p>

<p>Innovation, consultancy and research Business Partner benefits package</p> <p>f. Industry Focused Projects</p> <p>g. Recruit all staff into new BET structure</p> <p>h. Develop and implement sector development plans with all academic sectors</p> <p>i. Develop marketing and communication strategy supported by appropriate platforms and collateral</p> <p>j. Develop marketing and communication strategy supported by appropriate platforms and collateral</p> <p>k. Agree monthly meetings with all academic sectors with view to supporting current opportunities and planning for 20-21</p> <p>l. Recruit all staff into new BET structure</p> <p>m. Development Trust to have agreed income targets and identified projects for next 2-3 years (Scholarships, Scottish Aviation Academy and others)</p>	<p>approach and increased knowledge and trust between colleagues and departments</p> <p>h. Established various new commercial contract and businesses within Perth College UHI, all of which are making financial surplus and in doing so adding value to our business partner employees, families etc and creating enhanced student experiences</p> <p>i. Development trust has met its targets and is now working with new projects for the next 2 years to support College initiatives</p> <p>j. Development trust through its networks and contacts has increased scholarships by 15%</p> <p>k. Dashboard monitoring now in place across all commercial activities</p> <p>l. Marketing modern apprentice/support in place for 20-21</p> <p>m. Marketing reach target is met through above support and growing reputation in market place</p>	<p>sustainable annual growth in scholarships</p> <p>h. Enhanced networks and our position in the regional marketplace result in hosting major employers forums, with speakers, workshops in collaboration with our partnership network</p> <p>i. Perth College UHI is now a destination of choice for business partners when investing in training and looking for business support</p>
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8. **Strategic Roadmap**

See Appendix 4 (separate attachment)

9. Proposed Structure to Deliver Strategy



10. Principles of Success

This strategy and organisational structure will specifically allow the Business Engagement Team to meet its strategic aims and have appropriate:

- Leadership
 - Clear vision and priorities
 - Cohesive leadership team/s
- Decision making and structure
 - Clear roles and accountabilities
 - Organisational structure that support objectives- focused/committed
- People
 - Organisational and individual talent necessary for success
 - Performance measures and incentives aligned to objectives
- Work processes and systems
 - Effective and efficient support process and systems that enhance operation and outcome
 - Superior execution of work processes
- Culture
 - High performance values and behaviours
 - Capacity to innovate, change, adapt, be proactive and enjoy challenge/success/meeting targets

11. Measures of Success

The strategy, structure and operation will also be measured with a number of “dashboards” to track & manage progress both quantitative and qualitative

- Number of business accounts
- Number of live business accounts
- Number of companies interested in MA'S/FWD
- Number of companies engaged in MA's/FWD
- Income generated from MA's and FWD
- Number of companies investing in training programmes/contract
- Income generated from training programmes/contracts
- Number of public contract bids submitted
- Number of successful public contract bids
- Marketing and communication reach
- Income generation targets
 - ASW- gym/climbing/sports hall/sports injury clinic
 - Merchandising shop

- Theatre
- Others
- Feedback from partners on benefit/impact of working partnership (please appendix 1 and 2 below)
- Feedback from partners on quality of our programme content/delivery

Business Development Strategy - References to Government National Strategies

Enterprise and Skills Strategic Board

SFC Strategic Framework 2019-2022

Scotland's Wellbeing – Delivering the National Outcomes

SDS Skills Investment Plan and Regional Skills Assessments for Perth and Kinross/ Tayside

NOMIS Labour Market Data 2018

Tay Cities Deal Strategic Plan

<https://www.nrscotland.gov.uk/files/statistics/council-area-data-sheets/perth-and-kinross-council-profile.html#tables>

Appendix 1-

Perth College UHI good industry practice partnership:

Industry and education partnership serve up success.

A ground-breaking partnership between global food and beverage management services employer, Sodexo and the hospitality department at Perth College UHI, has resulted in a unique award-winning learning experience for hundreds of students.

Seven years ago, Food Studies and Hospitality Sector Manager Ian Gibb identified an opportunity for the college catering facilities to be used as a training ground for his students.

To date, this has inspired a partnership between education and industry that has resulted in an 'in college' facility that not only offers high quality, low price food and drink to other college students, staff and visitors, but also provides the perfect training platform for hospitality students preparing for the world of work.

Ian explained that the partnership project was partly driven by feedback from the industry.

'Employers told us they wanted students to be more industry ready he said.

On completing their courses, the students had acquired excellent skills but that they weren't quite ready for work, they needed to be able to work under pressure and develop a faster rate of production. To achieve this level of readiness, the students needed to be exposed to real industry kitchen/restaurant experience as opposed to just classroom environment learning.

'At Perth College we had a production kitchen, a guaranteed customer base, a global industry partner and the support and encouragement of our local employers, 'said Ian.

'The college curriculum in partnership with Sodexo is seeing students absorb the challenges. They are working under normal industry level pressures and are reaping the rewards of working in a real hospitality industry environment – but still within a supported educational environment.'

And the results have been astounding. Not only are a higher percentage of students successfully completing their qualification and finding it easier to gain employment, but more and more new students are signing up to be part of this unique training programme,

'Only 18 students took part in the early project,' said Ian. 'This year there are more than 70 students enrolled on to our training programmes.'

Ian explained that students themselves have helped to grow and develop the curriculum with students now training at SCQF Level 4, 5 and 6 with each of the levels all working and training together in the kitchen and restaurant.

The project has received wide recognition and a number of awards, in the wake of the successful partnership and this has turned both the education and industry spotlights on Perth College, with interest from others in the catering and hospitality sector.

'We have many visitors looking at what has been achieved here,' said Ian, 'and we are happy to support other organisations who recognise the benefits of partnership working.'

Ian also suggested that the lessons learned through the hospitality partnership could translate into other areas of the hospitality industry sectors.

David Ward, Executive Chef with Sodexo, works collaboratively with the College to develop the curriculum and ensure that it includes new and innovative developments within the industry. He believes the whole experiences has proved 'invaluable' for his organisation.

'Working in this partnership sees us educating the workforce of the future in the best way possible,' he said. 'The success of the partnership has exceeded everyone's expectations and between us we are developing a formidable generation of young chefs and restaurant workers.'

'When students leave they already have these vital skills and experiences in place – building blocks that their new employer can work with and develop further. This is exactly what the industry is looking for'.

The realistic working training environment within the Food Studies and Hospitality department means that when students leave they already have these vital skills and experiences in place – building blocks that their new employer can work with and develop further. This is exactly what the industry is looking for.'

Working in partnership with an industry giant such as Sodexo brings a raft of other benefits to the students, with many enjoying industry outings organised through the company's vast contract base. They also benefit from scholarships and internships.

'Our students are also the only ones in the UK eligible to take part in the renowned Salon Culinaire where they can compete against chefs in the industry,' explained Ian.

Throughout a 12-hour service at the College's Food Court, students working shifts plan, prepare, cook and serve between 400 and 500 meals a day, five days per week.

'We are not here to turn every student out to work in a Michelin starred kitchen', said Ian, 'but to be prepared for every environment be it a restaurant, café, care home, prison, hospital or school. The lessons they learn in the Food Court will prepare them for handling large quantities of food and meals as well as honing specialist chef skill's for fine dining.'

'Many local restaurants looking for part time employees visit us and most take one or two straight away after seeing them in situ – much more effective than an across the table interview.'

Ian is justifiably proud of what the partnership has achieved in a few short years.

'In my 30 years plus at Perth College this has been the most impressive advance in training within the hospitality department and the one which is having the most impact on the students and the industry,' he said.

'We have to make sure we sustain what we do and guarantee the quality relating to the recruitment, training and assessment of students. It's also important to grow the good practice we have already established and also retain the bespoke quality of individual training by ensuring each student is supported to exceed their potential.'

Appendix 2

Industry partnership with Churches Action for the Homeless

Perth College UHI have shared a special relationship for more than twenty years with Churches Action for the Homeless. Sixteen years ago Perth College UHI who were Churches Action for the homeless preferred provider was asked for help and support for the organisation when they needed a new board member. They had identified that they had a gap in their board for an individual who understood the Care Sector and was willing to give Churches Action for The Homeless the voluntary time they needed to reorganise the business, help with writing policies and procedures and supporting good relationships with the Council and funders. Aida Grier volunteered for the position on the board and went on to Chair the organisation until she had built a strong enough board and a robust company structure to be able to leave them to be self-supportive. A charity shop was opened during this time with the idea that this would raise awareness of the organisation due to its Perth High Street position and raise vitally needed funds. This action took a number of years during which time Perth College UHI were able to build on the partnership by supporting the charity shop, the hostel and the day centre with students who were eager to work and desperately needed to gain experience in the sector to support them to successfully gain Care Qualifications. This led to a number of students being offered full time positions within the organisation. At the start of the new year Perth College will give churches action for the homeless the opportunity to come in to meet with the new students and give them a lecture around what the company do and what opportunities it offers. Students are at that point are able to apply for

placements in the organisation. This leads to an on-going mutually beneficial working arrangement and outstanding opportunities for Perth College UHI students who want to work in the sector.

Live Active Leisure and Perth College UHI Flexible Workforce Development Fund (FWDF) Partnership

Over the last 3 years our FWDF has worked with numerous business partners across the region which has resulted in 1236 people being enrolled in training courses to upskill or retrain.

17-18 118

18-19 698

19-20 420

One partner we have worked with since inception of the programme in 17-18 is Live Active Leisure.

During this time we have consulted with Live Active and provided them with be-spoke training opportunities that support their business and employees. In doing so we have developed a greater strategic relationship with them and better understanding of their business.

The training has impacted on 97 employees in a 3 year period.

This has resulted in training being delivered by Perth College UHI to Live Active as highlighted below.

Year 1

CMI level 6 – 6 employees

World host Customer Service – 20 employees

Internal Verifier - 1 employee

Internal Assessor - 2 employees

Year 2

CMI level 8 – 8 employees

Assessor Verifier – 2 employees

Excel intermediate and advances – 20 employees

IOSH – 10 employees

Year 3

Level 3 award in education and training – 8 employees

Level 2 Gym Instructor – 10 employees

Level 2 Exercise to music – 10 employees

This example is one of many that we have provided for companies in our region through the FWDF.

Appendix 3- COVID 19 (stats as of July 2020)

* **<file:///H:/Economic Journal 2020 June FINAL.pdf>**

* **Business Barometer-Industry specific Information (below)**

Business Barometer Survey

Invest in Perth

**Over 1000 Local
Businesses
Responded**

From every part of
Perth and Kinross
and every major
sector of the
economy.

42% of businesses had applied to HMRC to furlough workers.

The highest percentage of respondents (36%) were based in Perth City, with the lowest level from both the Carse of Gowrie and Almond & Earn (3% each).

247 businesses requested a follow-up consultation with a business adviser.

An initial approach has been made to every business.

98%

of responses were
from micro and small
businesses

80%

reported lost income
due to the Covid-19
pandemic

over
6000
FURLOUGHED
WORKERS

around half from
employers with over
50 staff members

20%

are looking to cut
jobs following the
pandemic

62%

remain positive
about their trading
position in one year

Manufacturing & Construction

Invest in Perth

Manufacturers are more likely to be in Perth and to have more employees.

The sector has proved more resilient with significantly lower levels of lost income/business than other sectors. More businesses have also reported an upturn over the pandemic period with products in high demand for use in healthcare settings. Companies in this sector are more likely to look at wider UK and global markets moving forward.

30%
of responding
businesses were
from Perth City

1/3 
of business employed
more than 10 people

Half

reported loss of
business, compared
to 80% of all business

20%

recorded an upturn
in demand during
the pandemic

78%

of businesses have
a positive trading
outlook

A THIRD

will explore new
export markets
moving forwards

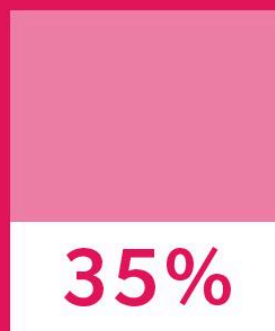
over
70%

will look at the wider
UK market for new
sales

Tourism, Hospitality & Leisure

Invest in Perth

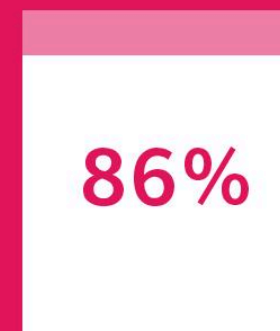
PERTH AND KINROSS BUSINESS BAROMETER 2020: COVID-19



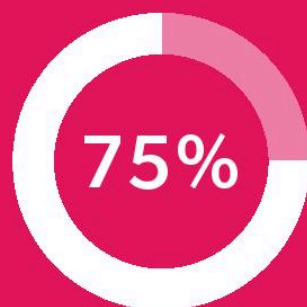
of overall survey
respondents



are planning
redundancies



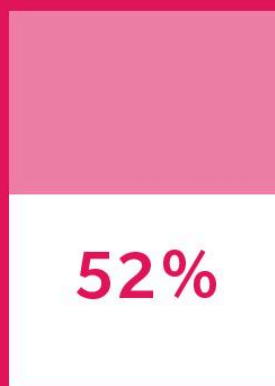
reported loss of
income



want events & marketing
to bring visitors and
investment to the region



will prioritise the
wider UK market for
new sales



remain positive
about their trading
position in one year

Almost 400 businesses identified with this sector (including hotels, tour operators, restaurants, cafes, theatres, cinemas, bingo halls and more).

Lower confidence in their future trading position is significant at 10 points less than the survey average.

Reliance on the sector is greatest in rural areas where job losses will have potentially greater community/social impact, with threat of redundancy statistically higher than other sectors (only comparable to Retail).

The UK 'staycation' market is highlighted as key to salvaging something from both this season and looking further forward. Guidance on how to re-start operating safely is a key concern including access to and use of PPE.

A need for flexibility around licensing of new outdoor space and planning for re-modelled buildings is also a key theme recurrent in the feedback.

Agriculture And Food & Drink Processing

Invest in Perth

Only 5% of overall response. Apparent low rate on Food & Drink is largely down to businesses identifying as either Hospitality or Retail as their processing operation is seen as ancillary to their food service, retail or tourism experience income.

Difficulty in sourcing key goods (ingredients) from suppliers and workers (for agriculture) of greater impact in this sector compared to others.

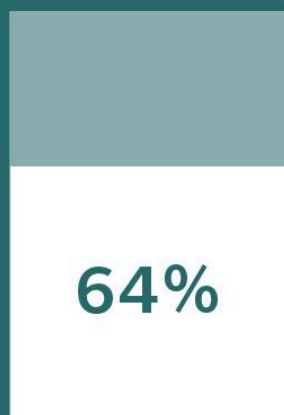
Shift toward on-line sales and/or direct delivery to customers is also significant (comparable only to Retail sector).

Significant interest in working with Tourism, Hospitality and Retail sectors to promote more loyalty to local products and Food Tourism.



30%
want to explore new overseas export markets

over **30%**
are having difficulty in sourcing key ingredients



remain positive about their trading position in one year



are looking at new customers in the wider UK market



want promotion of more 'buy local' schemes



looking to move to more direct online sales

Professional Services

Invest in Perth

53%

of respondents
were from
Perth City

50%

Are considering more
home working in future

Statistically the sector most likely to fall between the cracks of grant support: Small 'Limited companies' operating from home where the owner takes a dividend rather than a salary and is therefore neither self-employed nor able to be furloughed - and also with no business property to attract a grant. This scenario is particularly acute outside of Perth City.

Highest rate of Homeworking and consequently the highest rate of those keen to see improved digital connectivity – particularly to facilitate effective homeworking from rural locations.

Significantly greater interest from this sector (13 points over the average) in diversifying their current business offer.

**Two
Thirds**

remain positive
about their trading
position in one year

30%

have had no access
to Covid-19 financial
support

54%

want better digital
infrastructure across
the region

40%

looking to diversify
business to broaden
income stream

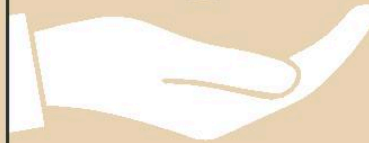
Trades and Other Services

Invest in Perth

over
45%
self-employed



46%



see access
to financial
support as
a priority
for their
business

This is the largest sector for those identifying as self-employed.

Traditional trades have been negatively impacted by social distancing denying them access to work in homes.

Comments from businesses show concern that their future is tied directly to job losses in the wider economy - but sentiment that 'The world will always need plumbers!' remains strong in traditional trades.

82%

reported a loss of
income due to the
pandemic

81%

remain positive
about their trading
position in one year

**One
Third**

concerned about
potential business
closure

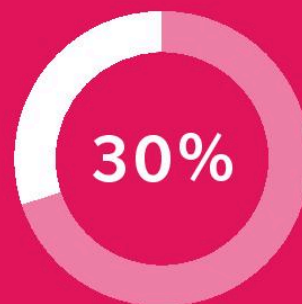
25%

want to diversify to
offer a new product
or service



Retail

Over 50%
based in
Perth City
Centre



of respondents' main
concern is going out
of business

25%

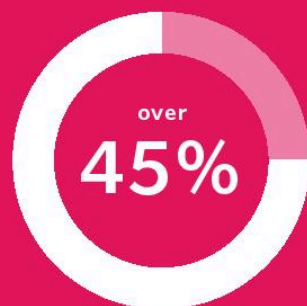


of businesses
are planning
redundancies

Over 175 businesses surveyed from this sector. Sector with highest proportion of businesses accessing the £10k Business Support Grant. Sector with highest level of interest in accessing the Bounce Back Loan Scheme. Equal lowest level of business confidence looking forward (52%).

Qualitative data suggests that smaller, rural or community 'corner' shops make-up many of those who report increased or level trade. But comments show concern that this 'loyalty' will not continue once larger retail is again more accessible.

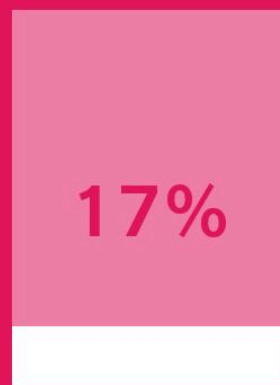
Evidence of innovation toward more direct delivery and 'click and collect' models. Concern about effective social distancing/PPE use on full re-opening, and how shoppers will be able to access city centre-based locations safely and effectively e.g. parking, public transport restrictions, road closures.



want events & marketing
to bring visitors and
investment to the region



are planning to
generate more digital
and online sales



reported an increase
or no change in
business

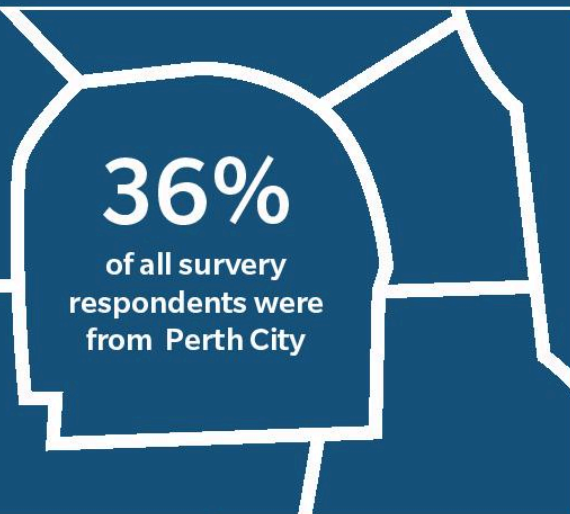


of respondents
employ fewer than
10 staff members

Perth City

Invest in Perth

PERTH AND KINROSS BUSINESS BAROMETER 2020: COVID-19



The most diverse location in terms of economic activity with less reliance on one sector. Evidence that this diversity shields Perth from larger per capita impact than some rural locations, but more job losses inevitable given the presence of more of the larger businesses.

Above average shift to more home working might impact city centre footfall.

Move to explore smaller premises might impact commercial property market.

Qualitative data shows concern around how social distancing will work in the city centre, how parking will work if street space is to be restricted, and concern that public transport timetables do not support more flexible travel / shift patterns.



of respondents
are planning staff
redundancies



planning to reduce
the size of their
current premises



of businesses have
a positive trading
outlook



are considering more
home working in the
future

Highland Perthshire



PERTH AND KINROSS BUSINESS BAROMETER 2020: COVID-19



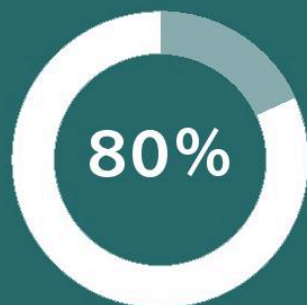
want to see an increase in regional events and marketing



of businesses are in the Tourism & Hospitality sector



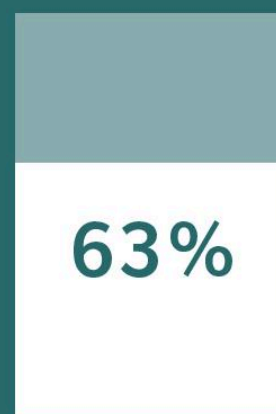
want to focus on the wider UK market for future sales



reported lost income due to the Covid-19 pandemic



of businesses are planning staff reductions



of businesses have a positive trading outlook

200 businesses took part in the survey. The area has the largest reliance on one sector: Tourism & Hospitality.

The region has the highest level of interest in the Bounce Back Loan Scheme (24%) suggesting a higher level of planning and resilience.

A 10% higher than average future focus on the wider UK market underpins qualitative data on where business would like to see more marketing effort in the shorter term.

29% of respondents wish to see improved Digital connectivity is perhaps lower than expected. Limited qualitative comments suggest an understanding that the customer on-line booking journey is more dependent on connectivity at the customer location than in the area itself.

Perth City vs Rural Perthshire

Invest in Perth

PERTH AND KINROSS BUSINESS BAROMETER 2020: COVID-19



Reliance on Tourism

Rural areas are more reliant on Tourism and Hospitality: the sector makes up 45% of businesses, and just 18% within Perth City.



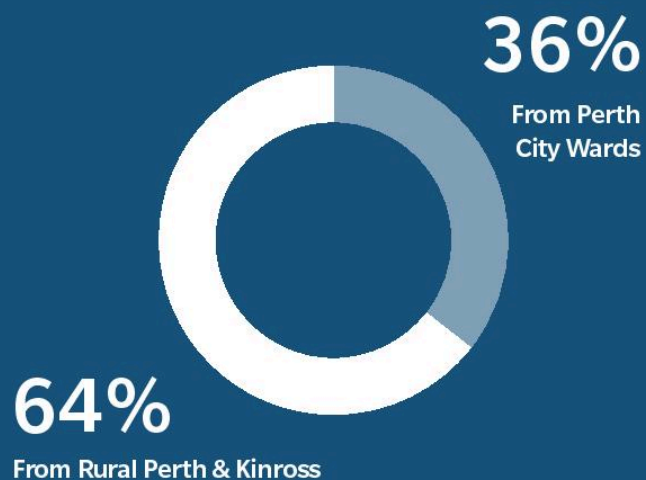
Reliance on Retail

Retail is much more vital to Perth City, making up 24% of businesses compared to just 12% in rural Perthshire.

In terms of business confidence, the greater rural reliance on Tourism & Hospitality is balanced by the greater importance of Retail to the city – those being the two most pessimistic sectors overall.

Analysis supports a view that different perceptions between sectors are more influential than any urban vs. rural divide for our region.

Although the more diverse city economy does potentially dilute some negative impacts, sectors other than Tourism, Hospitality and Retail are much more positive in their outlook (74% vs. 52%) regardless of business location.



Looking Forwards

Overall confidence levels looking forward are largely identical at just over 60% for both city and rural.

			Year 1				Year 2				Year 3				Year 4			
			Aug, Sept, Oct	Nov, Dec, Jan	Feb, Mar, Apr	May, Jun, July	Aug, Sept, Oct	Nov, Dec, Jan	Feb, Mar, Apr	May, Jun, July	Aug, Sept, Oct	Nov, Dec, Jan	Feb, Mar, Apr	May, Jun, July	Aug, Sept, Oct	Nov, Dec, Jan	Feb, Mar, Apr	May, Jun, July
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
PROFIT	To be focussed on securing a diverse source of revenue, whilst managing resources efficiently and sustainably with optimal impact (the impact of COVID-19 will require us to reassess our targets and timescales, currently under review)	To increase our income in MA's and FWCDF by 10% year on year from 20-21																
		To increase our training delivery to business partners by 10% year on year from 20-21																
		To increase income in ASW by 5-10% year on year from 19-20																
		Increase number of public contracts applied for and being successful by 10% year on year from 20-21																
		To continually develop costing model that ensures competitiveness in our markets																
		Our targets for public and private commercial work have been met and are sustainable																
PROGRAMMES	To deliver exemplary programmes and levels of service that meet the needs of our students, staff, partners and customers, ensuring sustainable business relationships	Ensure Development Trust has clearly defined plan and programmes for fundraising projects and income for next 3 years																
		Develop and implement sector development plans with each academic sector																
		Deliver programmes and products within our internal commercial assets that meet customer needs and drive increased revenue																
PROCESSES & SYSTEMS	To develop and implement processes and systems that cultivate an environment of joint working, alignment, knowledge exchange and enhance our business intelligence and outcomes	Review our current budget structure to encompass range of work within BET and develop financial footprint for all commercial activity																
		Develop a CRM system that enhances our internal and external alignment and communication																
		Develop and implement key account system with all our business partners																
		Review our current system provision in relation to point of sales across college-one system?																
		Develop dashboards that monitor progress of KPIs/targets both quantitative and qualitative																
PEOPLE	To invest in, support and empower people by developing and creating opportunities that lead to a high quality workforce that can meet the needs of our region, our partners and our own internal commercial opportunities	To review current staffing structure with view to aligning model that will meet needs of the 18-24 strategy																
		To employ/train/recruit people with required skillset to develop and meet our business targets																
		To support the outcomes of business development across the College find a mechanism that increases capacity to maximise outcomes (e.g. associate staff)																
		Marketing personnel/support agreed to ensure BET can promote and communicate effectively and professionally																
PLACES	To develop and create a business environment that attracts and enables people and partners, through our services, programmes and facilities to maximise their potential	Ensure Perth College UHI is "destination of choice" for our business partners when investing in business support/solutions																
		To develop sector development teams to support sector development plans and ongoing work/projects																
		To develop business partner benefits programme that enhances loyalty and buy in																
		To develop business advisory Boards and user forums across all academic sectors and commercial products that further our understanding of business needs and ability to deliver appropriate products																
PROFILE	To ensure our business development services and our internal commercial opportunities are able to promote, inform and influence through modern marketing and communication channels	To develop a marketing and communication strategy and operation that allows us to enhance our reach, influence and profile																
		Develop appropriate social media provision for BET and all internal communication assets																
		Develop appropriate marketing collateral that enhances our ability to sell services and leave professional impression with partners and customers																
		To support BET equivalent of 0.5 marketing position/commitment																
PARTNERSHIPS	To develop relevant partnerships that realise business opportunities, enhance our reach and foster sustainability	Embed a culture of collaboration across the college that enables, competitiveness in marketplace, aligned and joint approach, win/win/profit & sustainable partnerships & building of loyalty																
		BET staff aligned to specific internal and external partners																

Perth College UHI

Paper No. 12

Committee	Board of Management
Subject	Addressing Racism Within Perth College
Date of Committee meeting	20/07/2020
Author	Andrew Comrie, Board Member
Date paper prepared	14/07/2020
Executive summary of the paper	<p>During the Perth College Board Meeting held on 10 June 2020, a brief discussion took place regarding the lack of focus provided to BAME issues within the recruitment process for new Board members, which quickly broadened into discussions surrounding the wider College.</p> <p>Subsequent to this, the Principal of UHI issued a statement on collective duty to address racism.</p> <p>This introductory paper provides an overview of the terms and issues that are live currently and it highlights research and work underway nationally to tackle racism in colleges and HEIs.</p> <p>Members are invited to:</p> <ol style="list-style-type: none"> 1. Listen to the radio broadcast ahead of the meeting <i>A Point of View</i>, with Bernadine Evaristo on BBC Radio 4 (first broadcast 03/07/2020). If you are not already registered as a BBC iPlayer user, you will have to register ahead of listening, otherwise, login using your email and password. https://www.bbc.co.uk/programmes/m000khls 2. Discuss the question: What work do we need to do to ensure an embedded understanding of racism and its effects evolves in our curriculum, institutional structures and processes, and practices?

Perth College UHI

	3. Agree how best to progress this work through sub-committees. One suggestion is that we form a working group of members from the Academic Affairs and Engagement Committees to progress the development of a Perth College UHI anti-racism action plan to complement UHI's actions. This would be presented to the Board approval at a subsequent meeting.
Consultation How has consultation with partners been carried out?	n/a
Action requested	<input type="checkbox"/> For information only <input checked="" type="checkbox"/> For discussion <input type="checkbox"/> For recommendation <input type="checkbox"/> For approval
Resource implications (If yes, please provide details)	Yes / No
Risk implications (If yes, please provide details)	Yes / No Click or tap here to enter text.
Link with strategy Please highlight how the paper links to the Strategic Plan, or assist with: <ul style="list-style-type: none"> • Compliance • National Student Survey • partnership services • risk management 	Click or tap here to enter text.

Perth College UHI

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

Addressing Racism

Pre-Discussion Activity

As part of your preparation for our discussion on racism, it is suggested that you listen to the radio broadcast *A Point of View*, with Bernadine Evaristo on BBC Radio 4 (first broadcast 03/07/2020). If you are not already registered as a BBC iPlayer user, you will have to register ahead of listening, otherwise, login using your email and password.

<https://www.bbc.co.uk/programmes/m000khls>

Introduction

Racism exists in British society – and is deeply embedded in many aspects of it – and it follows that it exists, and has existed historically, and systemically, in our educational institutions, whether it is unintentional, unconscious or externalised and intentional.

The following explains some of the terms used and associated issues that emerge when racism is being discussed:

Structural Racism

The legacy of a society that thrived on the historic enslavement and colonisation of peoples of colour manifests systems today that disadvantage peoples of colour. An example would be the criminal justice system, where people of colour are disproportionately represented in stop-and-search, arrest, conviction and sentencing

Perth College UHI

data relative to white people.¹ Very recently, research into Covid19 and its impact on BAME communities has suggested that historical and present day racism contributes to members of this community being less likely to seek medical assistance, and therefore contributes, along with other socio-economic factors, to disproportionate effects of the virus in Black and minority ethnic populations.² The structural barriers that are faced by members of these communities has ramifications for experience in institutions and personal encounters.

Institutional Racism

Practices, policies and ‘traditions’ within institutions such as Colleges and HEIs put certain racial groups at a disadvantage. For example, the use of materials that were adjudged acceptable objects of study in the past (a time of different overt values) such as films, literature, plays and music, which (mis)represent, distort and/or glorify racism, slavery or activities such as blackface, can still be found in curricula. Often the argument that the value of the work as an exemplar of fine writing, cinematography or compositional craft is used to justify the persistence of such materials in contemporary curriculum. Our values are less overtly prejudiced than in previous generations, but the effect of these incidences is just as impactful on people who are immediately at a disadvantage relative to the majority in a room. Slang words, ‘jokes’ and excuses that ‘this has been done for years/we never had complaints before’ do occur. It is worth noting that such insidious behaviour and attitudes affect *all* minority groups, and we abhor all such casual discrimination, but this action plan is focussed in particular on issues affecting students and staff of colour, and their experience of our institution and its practices.

Individual Racism

Individuals often believe themselves to be champions of equality, anti-racist and denounce racism in all its forms. However, behaviours that are learned, unconscious or sometimes conscious continue to confront students and staff of colour, including face-to-face comments, microaggressions that ‘gaslight’ people and covert or unconscious biases that determine opportunities, a student’s (lack of) self-confidence and levels of trust in the institution and employees.

¹ See, for example Alpa Parmar, Policing Migration and Racial Technologies, *The British Journal of Criminology*, Volume 59, Issue 4, July 2019, Pages 938–957, <https://doi.org/10.1093/bjc/azz006>

² See *Beyond the Data: Understanding the Impact of COVID-19 on BAME Groups*, Public Health England, 2020
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/892376/COVID_stakeholder_engagement_synthesis_beyond_the_data.pdf

Perth College UHI

Even walking into a majority white institution, for those whose skin colour is not white, can be a major challenge, compounded by the above mentioned microaggressions and often, lack of awareness in those surrounding them. It is not for the student of colour to have to fight to be seen, to express themselves, or to be treated on an equal footing with anyone else, regardless of race. It is those of us with responsibility for learning and teaching, recruitment, employment and partnerships, marketing, alumni and research, facilities and governance that must do the work to eradicate racism.

What is White Privilege?

White privilege is having white skin: certain opportunities, and privileges, are assumed for those with white skin in British – in Scottish – society (see Bernadine Evaristo's *A Point of View*, [hyperlink at the top of this document](#)). It does NOT mean that white people are all privileged in terms of their backgrounds, socio-economic status and lived experiences, but that whatever adverse experiences *have* affected their lives, the colour of their skin has not been a contributory factor. In other words, you can be poor, working class and underprivileged/disadvantaged in many ways, but if you are white, you enjoy white privilege: the fact of being white.

White privilege is also seeing yourself reflected throughout Western society: in jobs you aspire to hold; in magazines you buy; etc. If you are Black, especially, you do not typically share this experience of seeing yourself in the society of which you are a part, in roles and positions that represent what you personally know you are capable of achieving. Imagine that you grow up in a society where, from a very young age, you struggle to see yourself represented – it therefore shapes, from the earliest time in your life, the ambition you may have, the expectations you have and the plans you make. When this is reinforced at various junctures of your life (going to school, going to college, etc.) then the message is clear: you will not reach the same fulfilment of potential as your white peers. This is another example of systemic oppression, and why we must recognise our white privilege and use it to promote and give a platform to our Black colleagues, students and professionals. This experience of not seeing yourself represented translates into curriculum.

Being white is a privilege because difference is not *seen*. This does not mean that there is no racism (because everyone is 'seen' as equal). It means that we, for example, select course materials or repertoire from a white vantage point, ignoring (not *seeing*) the different heritages of some of our community, and therefore forcing students to study issues and works relevant to them 'in their own time'/in the margins. There are opportunities here for us to diversify works studied in order that our students of colour are represented in the spectrum of learning.

Perth College UHI

Recognising white privilege is also not about centring yourself in the debate – trying to compare your own experiences of oppression with those of our Black and minority ethnicity students. Neither should you presume to speak for communities of colour. White privilege can be used as a platform to educate white colleagues and students, so that the students of colour don't have to do that work.

Recognising difference

It is crucially important to understand that racism has many guises, and that racism that affects one community may have different emphases, different origins, and histories, to that which affects another community. There are different oppressions, for example, affecting our Black student/staff community compared with our Asian students, our Muslim students, our Latin American students, our Jewish students, and still other ethnic groups. Some communities have a history of oppression through colonisation; others, enslavement, brutalisation (and colonisation); others through historic genocides and ethnic cleansing. Our Black American students will have a different history compared with Black African students, or Black European students, and so on. This is why sometimes, we will focus on a particular community. This is not because we do not recognise that all communities of colour are oppressed, but because to subsume all minority communities into one is to preserve 'otherness' (ie. there is the majority white community, and there are 'people of colour').

Equality and Human Rights Commission Inquiry in racial harassment in Universities in Great Britain

In October 2019 the Equality and Human Rights Commission (EHRC) published its inquiry into racial harassment in publically funded universities in Great Britain³. The EHRC report revealed that racial harassment was a common experience for students and staff. For example:

- 24% of students from an ethnic minority background said they had experienced racial harassment; 1 in 20 students said racism had made them leave their studies.
- More than a quarter of staff said they had experienced racist name-calling, insults and jokes; 3 in 20 said racial harassment caused them to leave their jobs.
- Racial harassment can have a serious impact on an individual's mental health and wellbeing.

³ HMRC *Racism harassment in British Universities* (October 2019). Found online at: <https://www.equalityhumanrights.com/en/publication-download/racial-harassment-british-universities-qualitative-research-findings>

Perth College UHI

- The sector does not really understand the issue and staff lack confidence in dealing with race issues.
- Most staff and students who have experienced racial harassment do not report it.
- Many universities seriously underestimate the prevalence of racial harassment and are over-confident in their complaint handling processes.

The EHRC made a series of recommendations for the UK and devolved governments, funders, regulators and universities. The SFC have commissioned activities to address the EHRC recommendations. One such project is *Tackling racism on campus: Raising awareness and creating the conditions for confident conversations* which is producing a suite of resources grounded in evidence that institutions are able to use to: raise awareness of the impact of racism in all its forms (including micro aggressions); signpost staff and students to appropriate mechanisms to report racism; raise awareness of the institutional policy on racism and harassment more generally; provide institutional governance structures with the training and the tools to raise the awareness of racism; create safe spaces for discussions about difference and to facilitate constructive conversations about race, racism and whiteness and support conversations about rights and responsibilities within induction processes and student support.

What do we want for Perth College UHI?

On the 22 June 2020, the Principal and Vice-Chancellor of the UHI made a public statement about our collective duty to address racism.⁴ In the statement he stated that:

It is critical that we engage and harness current momentum to push together across the region and society to counter these trends.

As a key organisation covering the largest geographical area of any campus-based university or college in the UK and the largest student population in Scotland, the University of the Highlands and Islands and all of our academic partners want to state our commitment to exert our influence, and by extension the influence of all students and staff, to achieve a fairer institution and region for everyone.

We need to challenge ourselves and others, exerting our privileges to actively influence change, proactively rebuilding major aspects of society to ensure that

⁴ UHI Executive Office (June 2020) *Statement from the principal and vice-chancellor: our collective duty to address racism*. Found online at: <https://www.uhi.ac.uk/en/media/news/statement-from-the-principal-and-vice-chancellor-our-collective-duty-to-address-racism.html>

Perth College UHI

everyone's voice can be heard at a senior level. Our university partnership wants to enable these conversations to take place.

So what next?

UHI EO have already started to gather evidence from recent correspondence and have committed further to design and circulate an anonymous survey in coming weeks, to ensure that race equality work reflects the widest possible experiences and suggestions. UHI EO have also committed to producing a full response to individual points raised, advising of work already planned, underway or awaiting further development, and inviting collaboration from staff and students.

What does Perth College UHI wish to do?

Greater understanding of and empathy towards our students' and colleagues' experiences of everyday racism is paramount. Only by understanding it, will we see it, confront and eradicate it.

Action is needed – being a passive bystander is not enough. We need to arrive at a point where our collective and individual instincts, words and actions are truly and actively anti-racist.

DISCUSSION:

What work do we need to do to ensure an embedded understanding of racism and its effects evolves in our curriculum, institutional structures and processes, and practices?

Air Service Training - Board of Directors Meeting

Minutes

Meeting reference: AST 2019-20/03

Date and time: Monday 23 March 2020 at 2:30pm

Location: Online meeting

Members present: Charlie Shentall, Chair of AST
Craig Ritchie, Board Member
Margaret Cook, Principal, Perth College UHI
Mark Taylor, AST General Manager

In attendance: Veronica Lynch, Vice Principal (External)
Katy Lees, Head of HR & Organisational Development
Graham Little, Interim Head of Finance
Henry Nicholson, Financial Accountant (until Item 9)
Ian McCartney, Clerk to the Board of Management

Apologies: Sharon Hammell, Board Member

Chair: Craig Ritchie

Minute Taker: Ian McCartney

Quorum: 3

Summary of Action Items			
Ref	Action	Responsibility	Time Line
5.1	Matters Arising from meeting of 23 May Finalise pricing/costing model and develop processes/procedures	GM/Interim Head of Finance	Next meeting
6	Management Accounts to November 2019 Reduce Gift Aid payment, possible Chair's Action required	GM/Chair	Next meeting
7	Cash Flow & Dashboard Cash and bank reconciliation to be provided	GM	Next meeting
7	Cash Flow & Dashboard Show income as month due rather than month billed	Interim Head of Finance	Next meeting



Minutes:

Item		Action
1.	<p>Welcome and Apologies</p> <p>The Chair welcomed everyone to the meeting and introduced new attendees.</p> <p>Meeting noted that Charlie Shentall was encountering issues remotely logging in to meeting.</p> <p>Meeting agreed that, due to the ongoing Coronavirus outbreak, all agenda items identified as being For Information would be formally noted with exceptions, with other items being deferred to a future meeting, to enable the meeting business to focus on discussions surrounding potential impacts and responses linked to the outbreak.</p>	
2.	<p>Additions to the Agenda</p> <p>There were no additions to the agenda.</p>	
3.	<p>Declaration of Interest in any Agenda Item</p> <p>There were no declarations of a conflict of interest.</p>	
4.	<p>Minutes of Meeting held on 09 January 2020</p> <p>The minutes were approved as an accurate record.</p>	
5.	<p>Matters Arising from Previous Minutes</p> <p><u>5.1 Matters Arising from Meeting 23 May 2019</u></p> <p>Action 1: Finalise pricing/costing model and develop processes/procedures</p> <p>Action Update: Ongoing discussions with Finance to be completed</p> <p><u>6 Management Accounts to November 2019</u></p> <p>Action: Reduce Gift Aid Payment, possible Chair's Action required</p> <p>Action Update: TBC</p> <p><u>7 Cash Flow & Dashboard</u></p> <p>Action 1: Cash & Bank reconciliation to be provided</p>	

	<p>Action Update: TBC</p> <p>Action 2: Show income as month due rather than month billed</p> <p>Action Update: TBC</p>	
6.	<p>Air Service Training (Engineering) Ltd – Annual Accounts to 31 July 2019</p> <p>Meeting noted that, as the annual accounts required final revisions from the External Auditors, this item would be held over to the next meeting,</p>	
7.	<p>Management Accounts to November 2019</p> <p>Management accounts to February 2019 were noted.</p>	
8.	<p>General Manager Report</p> <p>The General Manager's report, incorporating the Training Report, Examinations Report, Student Feedback Report, Compliance Report, AST Risk Register and the Sales & Business Report, was noted.</p>	
9.	<p>Business Plan 2019/20</p> <p>General Manager outlined for the Board some of the key issues affecting AST with regard to the coronavirus outbreak, focusing on likely impacts on cashflow, how the market will look during and after the outbreak, and how long recovery may take.</p> <p>General Manager advised Board that, in event of zero trading until July 2020, the end of year position would result in and £79k deficit position against a budgeted £167k surplus. In addition, due to issues identified with the Auditors in areas such as tax, it was likely that this deficit figure could increase by £50-£60k.</p> <p>General Manager noted that some Government support packages may be available to assist with payroll costs but more investigation is required on the nature of the scheme and how many staff would be covered.</p> <p>Financial Accountant advised that, based on zero income and assuming repayment of College Gift Aid, AST would be in a zero cash position by approximately mid-June. With no salary support, approx. £300k cash income is required by end June, although this may be reduced based on what can be done with some Aged Debtors.</p>	

	<p>General Manager noted that the Debtors list included approximately £902k of invoiced work, but nature of some of this debt would need to be understood as it may fall into one of 3 categories – work done but not paid; invoiced for training yet to be delivered; or some students/customers who have now left Perth and may not return. A considered opinion will be required for what can realistically be recovered, deferred or written off.</p> <p>General Manager advised that CAAT are due to pay £246k by end of May but it is unclear whether AST will receive payment of fees, etc as they have closed offices until August. Clarification will be sought on whether alternative provisions can be made, eg electronic exams. In response to a question from a Board member, General Manager advised that CAAT were due to be invoiced for the £246k within the next week or so.</p> <p>General Manager noted that Duranco were clear until August. A new Qatari course is up and running and will create a new income stream. In addition, Emirates is grounding its entire passenger fleet other than local flights, which is likely to have a massive impact.</p> <p>General Manager advised that a potential opportunity existed to run and/or provide questions for exams, which could provide some cashflow plus goodwill with the regulator and allow AST to generate online exams, however should staff be furloughed they would not be able to work which would need exploring.</p> <p>General Manager noted that rates of request for repayments for individual courses have been fairly low so far, with most opting to defer, however this may change as situation develops. Whilst a cancellation policy exists, it clearly did not factor in a situation such as that now being experienced. General Manager sought Board approval to honour any requests to repay individuals to minimise any potential reputational damage. This approach was AGREED by the Board.</p> <p>General Manager informed Board that ring-fenced student income for courses makes up a significant proportion of cash for AST, and sought guidance on how best to handle this. Financial Accountant noted a need to take advice on segregation of funds, and that a position based on an assumption that training would take place at a future date may have to be adopted. Following a discussion around the options available, it was AGREED to retain the current position pending advice from Auditors. General Manager to ascertain proportion of prepaid students.</p> <p>Financial Accountant queried insurance position. General Manager informed Board that the issue was being looked into, but outline advice was that cover did not extend to current situation.</p>	General Manager
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	<p>Financial Accountant left the meeting at this point.</p> <p>General Manager advised that a worst-case scenario with zero income and zero trading to end year was currently being modelled, but this may have to be extended until assumed positions as to when business can be resumed, however any small pockets of activity over the coming period would be useful to keep AST in minds of customer and reduce risk of losing them elsewhere.</p> <p>General Manager noted that modelling outlined above would also need to consider the definition and impact of furloughing, and other staff-related options such as salary holidays – initial conversations had already started in these areas. Head of HR & Organisational Development advised that a move to reduced hours may be easier to implement than furloughing.</p> <p>Vice Principal queried whether a move to online provision was possible. General Manager noted this may be difficult to achieve for some roles, and the Civil Aviation Authority is not currently allowing online exams.</p> <p>Principal noted that one option to be considered is that of a Management Fee waiver. Vice Principal advised that some consideration would need to be given to an Arms-Length test in this area. Clerk to the BoM to investigate.</p> <p>General Manager outlined various options re potential income generation, and provided an update on current courses and competitors, which would inform the Sales Recovery Plan being pulled together. General Manager noted that, at present, the Perth side of the operation is losing money, but this is being covered by the overseas market.</p> <p>Chair of AST was able to fully join meeting at this stage.</p> <p>General Manager suggested that a range of options, outcomes and strategies be worked on and presented to the Board for consideration, with a focus on short-term survival, long-term sustainability, and likely implications for the College. Support from Finance Department will be required to provide the data required.</p> <p>It was AGREED to proceed as outlined above, with an additional AST Board meeting scheduled in April to progress these issues as quickly as possible. Clerk to organise meeting within this framework.</p>	<p>Clerk</p> <p>AST General Manager</p> <p>Clerk</p>
10.	Tay Cities Deal/Aviation Academy for Scotland	

	<p>Due to impacts of coronavirus outbreak affecting AST business, this item was deferred to a future Board meeting.</p> <p>Principal noted that Government will be looking at all Cities Deals in terms of funding. Vice Principal further noted that risk was fairly minimal as financial commitment not yet finalised, although some professional fees will have been incurred.</p>	
11.	<p>Company Secretary – Responsibility Matrix</p> <p>Clerk to the Board of Management presented Paper 5, which outlined the breakdown of responsibilities between AST Company Secretary, AST General Manager and Perth College Director of Finance.</p> <p>Paper 5 was agreed to be a fair reflection of where responsibilities lay.</p>	
13.	<p>AOB</p> <p>Head of HR & Organisational Development provided to the Board an update on the Appeals process related to a former member of AST staff, noting that the Appeals Panel held in respect of this matter had overruled the original decision. However, as there was recognition that it would not be appropriate for the individual concerned to return to work, a Settlement or COT3 Agreement would be required.</p> <p>Head of HR & Organisational Development informed the Board that, under advisement from the External Auditors, Scottish Funding Council agreement would be required in line with legislation covering Colleges in Scotland; as such, AST Board approval is required to commence this process.</p> <p>Head of HR & Organisational Development further noted that Employment Tribunal paperwork had been submitted as this is a standard requirement during such processes.</p> <p>Head of HR & Organisational Development advised that the Settlement Agreement would be a similar amount to that which would be expected should a subsequent Employment Tribunal be lost, however there would be some savings related to legal fees incurred during a Tribunal.</p> <p>Board member asked if the advice provided had received any additional scrutiny. On confirmation that advice had been received from External Auditors only, Vice Principal was asked to seek confirmation that External Auditors were fully cognisant of risks involved to AST.</p> <p>Pending this confirmation, Board APPROVED the offer of a Settlement/COT3 Agreement.</p>	Vice Principal

	Head of HR & Organisational Development was instructed to review processes to minimise possibility of such issues arising again in the future.	Head of HR & OD
14.	Date & Time of Next Meeting <ul style="list-style-type: none"> • 15 April 2020 at 4:30pm 	
15.	Review of Meeting Board agreed that meeting had covered its Terms of Reference	

DRAFT

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** ☐

Air Service Training - Board of Directors Meeting

Minutes

Meeting reference: AST 2019-20/04

Date and time: Monday 15 April 2020 at 4:30pm

Location: Online meeting

Members present: Charlie Shentall, Chair of AST
Craig Ritchie, Board Member
Sharon Hammell, Board Member
Margaret Cook, Principal, Perth College UHI
Mark Taylor, AST General Manager

In attendance: Veronica Lynch, Vice Principal (External)
Henry Nicholson, Financial Accountant (until Item 9)
Ian McCartney, Clerk to the Board of Management

Apologies: Graham Little, Interim Head of Finance

Chair: **Charlie Shentall**

Minute Taker: Ian McCartney

Quorum: 3



Summary of Action Items			
Ref	Action	Responsibility	Time Line
5.1	Matters Arising from meeting of 23 May 2019 Interim Head of Finance to revisit pricing model with Auditors	Interim Head of Finance	Next meeting
5.1	Matters Arising from meeting of 23 May 2019 Interim Head of Finance to ensure timelines for production of AST financial reporting is met.	Interim Head of Finance	Next meeting
5.1	Matters Arising from meeting of 23 May 2019 Conflicts in treatments for deferred income, billing and cashflow processes need resolved to provide meaningful debtors position.	Vice Principal	Next meeting
6	Annual Accounts to July 2019 Financial Accountant to amend inconsistencies in references re tax items and dates.	Financial Accountant	Next meeting
6	Annual Accounts to July 2019 Financial Accountant to investigate impact of accounts not being formally signed off on Corporation Tax payments.	Financial Accountant	Next meeting
6	Annual Accounts to July 2019 Financial Accountant to check impact of AST accounts not being signed off on the College Group accounts.	Financial Accountant	Next meeting
8	AST General Manager Report AST General Manager to initiate discussions over options re hangar rents.	AST GM	Next meeting
8	AST General Manager Report Vice Principal to investigate service charge timings with Finance and AST, and model this to allow Board to see impact re going concern.	Vice Principal	Next meeting
8	AST General Manager Report It was AGREED that AST General Manager produced a fully-modelled position based on most conservative option and circulate.	AST GM	Next meeting
8	AST General Manager Report it was AGREED that AST General Manager would prepare a paper on the matter, incorporating legal advice, to present to the Board on the issue.	AST GM	
8	AST General Manager Report AST General Manager should produce a comprehensive paper outlining the full risk position affecting AST for consideration by the Board of Management	AST GM	
12	AST Cashflow (Addendum - 29 April 2019) Finance to establish cashflow facility for AST from Libyan deferred income subject to documentation being in place by 30 th April	AST GM/ Interim Head of Finance	Immediate

Minutes:

Item		Action
1.	Welcome and Apologies The Chair welcomed everyone to the meeting.	
2.	Additions to the Agenda There were no additions to the agenda.	
3.	Declaration of Interest in any Agenda Item There were no declarations of a conflict of interest.	
4.	Minutes of Meeting held on 23 March 2020 The minutes were approved as an accurate record.	
5.	<p>Matters Arising from Previous Minutes</p> <p><u>5.1 Matters Arising from Meeting 23 May 2019</u></p> <p>Action 1: Finalise pricing/costing model and develop processes/procedures</p> <p>Action Update: Pricing model has been agreed to allow costing models to be prepared, however this requires comparison and validation against Auditors model. Interim Head of Finance to revisit with Auditors</p> <p><u>6 Management Accounts to November 2019</u></p> <p>Action: Reduce Gift Aid Payment, possible Chair's Action required</p> <p>Action Update: Completed, no Chair's Action required</p> <p><u>7 Cash Flow & Dashboard</u></p> <p>Action 1: Cash & Bank reconciliation to be provided</p> <p>Action Update: Finance reporting still behind agreed schedule in order for Dashboard to be completed within scheduled timetable for production and distribution. Interim Head of Finance to ensure timelines for production of AST financial reporting is met.</p> <p>Action 2: Show income as month due rather than month billed</p>	<div style="text-align: right;">Interim Head of Finance</div> <div style="text-align: right;">Interim Head of Finance</div>

	<p>Action Update: Conflicts in treatments for deferred income, billing and cashflow processes need resolved to provide meaningful debtors position.</p>	Vice Principal
6.	<p>Air Service Training (Engineering) Ltd – Annual Accounts to 31 July 2019</p> <p>Financial Accountant introduced Draft Annual Accounts to 31 July 2019, noting amended positions relating to deferred income and accruals, and that the calculation for the tax position had not been clarified until end March 2020.</p> <p>Financial Accountant advised AST Board that the external auditors (EY) weren't able to sign off the accounts due post-balance sheet events not being concluded until impacts of COVID-19 took hold, and that this position was likely to remain for foreseeable future. Financial Accountant confirmed that EY had adopted this position UK-wide.</p> <p>An extension for filing of the accounts to Companies House until end July would require to be made.</p> <p>Chair asked what impact this may have on 2019/20 accounts. Financial Accountant saw no issues being caused in this regard.</p> <p>AST Board Member noted some inconsistencies in references re tax items and dates. Financial Accountant to amend.</p> <p>AST Board Member queried impact of accounts not being formally signed off on Corporation Tax payments. Financial Accountant to investigate, noting that it may be possible to pay based on existing numbers.</p> <p>Vice Principal asked about the impact on the College Group accounts, which were due to be laid before parliament by end of April. Financial Accountant to check, but unlikely to have an impact as numbers should remain the same.</p>	<p>Financial Accountant</p> <p>Financial Accountant</p> <p>Financial Accountant</p>
7.	<p>Management Accounts to February 2020 & March 2020</p> <p>Management accounts to February and March 2020 were noted.</p> <p>AST General Manager briefly summarised February 2020 management accounts before providing Board with highlights of most recent accounts. Whilst sales were down, the March accounts recorded a £230k profit year-to-date against a budget of £59k, achieved mainly through costs reductions; completion of some courses prior to Lockdown had avoid repayments and, combined with students taking deferrals rather than refunds, these helped show a</p>	

	<p>strong out-turn.</p> <p>AST General Manager noted that debtors were higher than ideal, and, while the figures show AST in a good position immediately prior to Lockdown, cashflow remains a serious issue and care will be required to order payments throughout each month, particularly May 2020.</p>	
8.	<p>AST General Manager Report</p> <p>AST General Manager presented Paper D (General Manager's Report & COVID-19 Outlook), supported by 4 additional papers with detailed financial analysis outlining current positions and options.</p> <p>AST General Manager summarised the current staffing position, noting that a total of 13 AST staff were currently on furlough, and an additional 21 staff had agreed to work on 80% of salary. AST General Manager noted that the negotiations for temporarily reduced staffing costs had been negotiated with no objections, resulting in approx. £45k per month savings. AST General Manager advised that there may be some future issues regarding return to work if furloughing continues for a lengthy period of time, particularly those staff currently at or close to pensionable age.</p> <p>AST General Manager outlined current issues around Civil Aviation Authority, as while the CAA are allowing distance learning, which therefore allows for potential sales credits, there is still no option for remote CAA examinations, which poses difficulties for AST.</p> <p>AST General Manager drew specific attention to Income and Expenditure, noting that the refund position could erode quickly, and that that most short-term expenditure is made up of fixed costs, which could potentially be alleviated if an arrangement re Perth College fees could be reached due to 3or 4 months' likely closure.</p> <p>AST General Manager introduced supporting paper on cashflows and stress tests, which demonstrated the current sensitivity on cash exposures as any of scenarios presented puts the company in a precarious position, with an expectation that a mixture of stress test scenarios will be likely to be encountered.</p> <p>Chair asked about mitigation of some bills due, eg rates. AST General Manager noted that the company wasn't registered for rates relief as only rates paid refers to Scone building.</p> <p>Chair asked whether rent relief was an option. Principal noted that College Board approval would be required for this scenario. AST General Manager indicated that the College may prefer to look at a</p>	

	<p>a single month's delay would result in a negative cash position until October and at year-end.</p> <p>It was AGREED that AST General Manager produced a fully-modelled position based on most conservative option and circulate.</p> <p>AST General Manager outlined to the Board the current position re the Libya monies, noting that the last approach had been made in May 2018, but credentials could not be established. Clarification had been received from the Foreign & Commonwealth Office that it was up to AST Board to determine veracity of any claim, with the government only involved to facilitate transfer of payment once the Board has determined that a valid claim has been established. AST General Manager added that External Auditors are seeking clarity on why these monies are/are not being used.</p> <p>Following a brief discussion, it was AGREED that AST General Manager would prepare a paper on the matter, incorporating legal advice, to present to the Board on the issue. It was further AGREED that Board's position remained that the monies should be repaid, net of any associated fees and costs, once a legitimate claim had been made, but in the meantime these monies could potentially be utilised to cover any short-term cashflow issues as the monies remained in an AST bank account pending repayment.</p> <p>Meeting concluded with a brief appraisal of next steps based on items discussed. It was AGREED that AST General Manager should produce a comprehensive paper outlining the full risk position affecting AST for consideration by the Board of Management to ensure that full due diligence can be observed. If required, this paper would be presented to the Board at an emergency online meeting prior to the scheduled meeting in June to allow appropriate business decisions to be made.</p> <p>Chair closed meeting by acknowledging on behalf of the Board the work carried out by AST General Manager in work conducted over the last few weeks under difficult circumstances.</p>	<p>AST General Manager</p> <p>AST General Manager</p> <p>AST General Manager</p>
9.	<p>AOB</p> <p>No additional business was presented.</p>	
10.	<p>Date & Time of Next Meeting</p> <ul style="list-style-type: none"> 11 May 2020 at 4:30pm 	
11.	<p>Review of Meeting</p> <p>Board agreed that meeting had covered its Terms of Reference</p>	

Addendum - Minutes of Additional Meeting of AST Board

Meeting reference: AST 2019-20/04a

Date and time: Wednesday 29 April 2020 at 5:30pm

Location: Online meeting

Members present: Charlie Shentall, Chair of AST
Craig Ritchie, Board Member
Sharon Hammell, Board Member
Margaret Cook, Principal, Perth College UHI
Mark Taylor, AST General Manager

In attendance: Brian Crichton, Chair, Perth College UHI Board of Management
Veronica Lynch, Vice Principal (External)
Henry Nicholson, Financial Accountant
Graham Little, Interim Head of Finance
Ian McCartney, Clerk to the Board of Management

Chair: Charlie Shentall

Minute Taker: Ian McCartney

Quorum: 3

Item		Action
12	<p>AST Cashflow</p> <p>Chair advised Board that meeting had been called to discuss AST cashflow, noting that, due to the transfer of funds to the College at the end of April under Gift Aid requirements under current predictions, AST was likely to fall into negative cashflow later in the week, even with some income scheduled to be paid in.</p> <p>Chair also noted that Chair of Peth College Board of Management had been invited to meeting to ensure good governance in any decisions reached, quoting article 8.3 of the Perth College Board of Management's Standing Orders.</p> <p>Figures presented by AST General Manager were based on modelling conducted by Financial Accountant, and were based on key assumptions re income including the CAT payment due at the end of May.</p> <p>AST General Manager noted that 2 clear options presented themselves to the Board – a loan from the College, or using the income retained regarding the Libyan contract.</p> <p>AST General Manager advised Board of renewed contact from EACS relating to claim on Libyan deferred income, however even if this</p>	

	<p>claim was verified, it would still take some time to negotiate AST's outstanding fees and process repayment, which allowed for this deferred income to be used to create a short-term facility to bridge the likely negative cashflow about to be experienced.</p> <p>AST General Manager proposed that a facility with a ceiling of £85k until October would present the cleanest solution, and noted that, only in a situation where all incomes other than CAT failed to materialise would the full facility need to be utilised.</p> <p>AST General Manager further advised that, while a rent holiday was being negotiated re the hangar at Scone, with 2 options under consideration, a rent payment was due next week and would still require to be paid.</p> <p>Following a question regarding the Libyan monies, AST General Manager advised that, whilst the claim does have strong documentary evidence to support the view that the company is working on behalf of the Libyan government, it does not appear to have any material effect on the proposal due to the likely timescales involved for negotiations and repayment.</p> <p>Chair of Board of Management sought clarification on the contract including any default premiums. AST General Manager advised that the contract was not clear on default other than force majeure. Chair of Board of Management asked whether this meant there were no penalty clauses. Chair of Board of Management confirmed this was correct, which is why negotiations will be required to establish factors for AST to retain fees from the original deposit before repayment can be finalised.</p> <p>Principal noted that College's legal advisers may have retained some paperwork that is not held internally. Chair of Board of Management advised that even claimant's legal representative's notes refer to phone calls which cannot be verified.</p> <p>AST General Manager reiterated to Board that Foreign and Commonwealth Office advised that it was not for UK Government to prove legitimacy of any claim, but that they would only get involved to provide clearance on payment via the correct agency. It is therefore up to AST Board to be convinced that proposed recipients are the correct people.</p> <p>Chair of Board of Management sought clarification on how fees would be assessed for income due for work conducted. AST General Manager advised that a formula was being drawn up to this end based on staff time expended and opportunity costs, however indications were that such fees are likely to fall in the region of £80-</p>	
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	<p>£90k. Chair of Board of Management noted that this creates a convincing business case for legitimate use of Libya monies as a facility to deal with short-term cashflow as such funds were in effect owed to AST from the deferred income being held.</p> <p>Chair proposed that, following the discussions held today, AST be provided with a facility as described above, and sought the views of Board members. Chair of Board of Management noted agreement based on the assumption that the facility does not exceed the amounts due from a negotiated position. AST Board members concurred that the proposal as outlined identified a suitable position to allow AST to move forward and meets outstanding payments without infringing on what is owed to the Libyan government.</p> <p>AST Board AGREED with the proposal, and passed instruction to Perth College Finance to process as described above subject to documentation being in place by 30th April</p>	<p>AST GM/ Financial Accountant</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** ☒

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

Do the minutes contain items which may be contentious under the terms of the Data Protection Act 2018? **Yes** ☒ **No** ☐

Chairs' Committee

DRAFT Minutes

Meeting reference: Chairs 2019-20/04

Date and time: Wednesday 29 April 2020 at 5.30pm

Location: Online

Members present: Brian Crichton, Chair of the Board of Management
Sharon Hammell, Chair of Engagement Committee
Ann Irvine, Interim Chair of Audit Committee (via teleconference)
David Littlejohn, Chair of Finance & General Purposes Committee (until Item 10)
Charlie Shentall, Chair of AST
Margaret Cook, Principal and Chair of Academic Affairs Committee

In attendance: Ian McCartney, Clerk to the Board of Management

Apologies: None received

Chair: Brian Crichton

Minute Taker: Ian McCartney

Quorum: 3

Summary of Action Items			
Ref	Action	Responsibility	Time Line
2d	Board Website Page Clerk to investigate how many other UHI partners do and do not publish Chairs Committee on their respective websites, following which the Terms of Reference for the Committee could be reviewed if required.	Clerk	ASAP
14	Risk Review Clerk to consider Risk relating to COVID-19 and AST for the Strategic Risk Register.	Clerk	Next Board meeting

Minutes:

Item		Action
1	Welcome and Apologies Chair welcomed everyone to the meeting.	
2	Additions to the Agenda The following items were added to the Agenda: <ul style="list-style-type: none">• Annual Accounts (now Item 2a).• AST (now Item 2b)• 2020/21 Board Schedule (now Item 2c)• Board Website Page (now Item 2d)	
3	Declaration of Interest in any Agenda Item There were no declarations of a conflict of interest.	
4	Minutes of Meeting held on 10 February 2020 The minutes were approved as a correct record.	
5	Matters Arising from Previous Minutes <u>Ref 7.4 - Board Staff Election</u> Action: Clerk to circulate details of staff election process to Board. Action Update: Noted on Agenda as Item 8 <u>Ref 8.1 - External Effectiveness Review</u> Action: Clerk to circulate CDN pool & process information and ensure value for money of process. Action Update: Noted on Agenda as Item 9. <u>Ref 12 - Audit Scotland Survey</u> Action: Clerk to circulate details of questions for collation within the timescales requested. Action update: still to be processed	

	<p><u>Ref 14 - Risk Review</u></p> <p>Action: Clerk to add impact of coronavirus outbreak should be added to Risk Register.</p> <p>Action Update: Deferred to Audit Committee meeting scheduled for 19 May 2020</p>	
2a	<p>2018/19 Annual Accounts</p> <p>Principal informed Committee that the Annual Accounts and Statements for 2018/19 had been presented before Parliament, and advice was sought on position that College adopts once these become public knowledge.</p> <p>It was AGREED that a press statement should be prepared should there be any press interest so an immediate response can be given, however a pre-emptive press release should not be circulated.</p>	
2b	<p>AST</p> <p>Chair of AST informed Committee of current cashflow issues affecting AST, mainly arising out of COVID-19, and noted a proposal was being prepared for Board's consideration re short-term use of historic deferred income arising from a contract with Libyan government agencies to bridge the cashflow gap.</p>	
2c	<p>Board Schedule 2020/21</p> <p>Clerk sought Committee's views on issue potential of increasing the number of Board meetings following feedback provided during the External Effectiveness Review process.</p> <p>Chair of Engagement Committee noted the levels of information being provided required a significant amount of pre-meeting reading, and led to increased likelihood that certain information, eg sub-Committee minutes, being glossed over.</p> <p>Interim Chair of Audit noted that additional Board meetings would provide opportunity to consider items more thoroughly.</p> <p>Chair BoM noted that more emphasis should be given to getting smarter on content provided to Board, particularly Executive Summaries. Chair F&GP agreed. Principle noted that there was a skill in writing effective Board papers and this is something that should also be considered by SMT.</p>	

	It was AGREED to review this matter again once the full External Effectiveness Review report and proposals were received.	
2d	<p>Board Website Page</p> <p>Clerk raised issue of Chairs Committee minutes being published on the Perth College website alongside other sub-Committees, as had been suggested during the UHI Investigation.</p> <p>Principal advised that Chairs Committees had started life as informal committees, and there were historic reasons behind not publishing these minutes. Chair F&GP also noted a value to the informality of Chairs Committee.</p> <p>Chair of Engagement Committee appreciated the informal nature of the Committee, but wondered whether not publishing minutes create potential for additional scrutiny anyway.</p> <p>Chair BoM noted a preference for actions taken to be formally recorded, but allowing a latitude for more informal discussion within the meeting, allied to a desire to avoid Chairs Committee becoming a mini-Board.</p> <p>Chair BoM requested the Clerk investigate how many other UHI partners do and do not publish Chairs Committee on their respective websites, following which the Terms of Reference for the Committee could be reviewed if required.</p>	Clerk
6	COVID-19 Update	
	<p>Principal updated Committee on key matters relating to arrangements around COVID-19, noting in particular that the main College car park was being utilised by the Scottish Government as a COVID-19 Testing Centre, due to open later this week. Documentation from Deloitte had been circulated to Unison officials who had some Health & Safety concerns – responsibility for the site lies with the Scottish Government.</p> <p>Principal advised that, due to the speed of lockdown, some staff and students are finding it difficult to engage online. UHI had yet to determine their approach on students due to graduate this year, with 3 weeks of degree teaching left in year. FE teaching was problematic in some areas with a strong practical element. Most concern was for those students who were not engaged, not on those who had.</p> <p>Looking forward, there were likely to be impacts on teaching provision due to social distancing measures and, although there had been some reassurance from SFC re future funding, there are clear financial challenges raised.</p>	

	<p>Principal noted that use of the Government's Job Retention Scheme was being looked at for AST and ASW, due to the commercial nature of their funding. This is likely to save around £20k per month.</p> <p>Committee thanked the Principal for the update, noting the importance for the College to be about caring as well as teaching.</p>	
7	<p>UHI Update</p> <p>Chair BoM & Principal updated Committee on a cordial meeting with UHI to discuss their Investigation, noting that a position paper had been submitted to UHI in advance and the minutes would be shared with the Board on receipt. Minor amendments to the action items and learning points had been proposed, and it was suggested that members of UHI Court meet with College Board as part of the sign-off process.</p> <p>Principal noted that some action dates for the UHI and other Audits may have moved somewhat due to prioritisation of matters relating to COVID-19.</p> <p>Chair BoM noted that the Regional Strategic Committee was due to meet on 5th May.</p> <p>Chair BoM advised that a recent College Chairs meeting discussed a strategic response for future provision, including the formulation of positions in advance of likely "radical restructuring".</p>	
8	Committee Membership	
8.1	<p>Board Staff Election update</p> <p>Clerk advised Committee that the nomination process for the vacant Teaching Staff Member had not proved fruitful, with no notes of interest registered. Clerk noted that, with the current situation it may prove difficult to fill this position.</p> <p>Chair BoM and Principal agreed to discuss the matter further.</p>	
9	Board Effectiveness	
9.1	<p>External Effectiveness Review - Update</p> <p>Clerk advised Committee that the External Facilitator was happy with progress to date, and noted that there was a clear commonality emerging from the initial one-to-one meetings. The Facilitator proposed</p>	

	that, with this commonality in mind and taking into account lockdown arrangements, there didn't appear to be a need for focus groups to take place. Committee agreed that this was a sensible course of action.	
10	Date & Time of next meeting <ul style="list-style-type: none"> tbc – full 2020/21 schedule to be tabled at June Board meeting 	
11	Risk Review Committee asked that Clerk consider Risk relating to COVID-19 and AST for the Strategic Risk Register.	Clerk
12	Review of Meeting The Committee agreed the meeting had covered its Terms of Reference.	

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Status of Minutes: **Open** ☐ **Closed** ☒

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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 2019-20/03

Date and time: Wednesday 06 May 2020 at 2.30pm

Location: Online

Members present: Margaret Cook, Principal (Chair)
Andrew Comrie, Board Member
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 Scholarship Research Committee

In attendance: Ian McCartney, Clerk to the Board of Management

Apologies: Sheena Devlin, Board Member
Amy Studders, HISA Perth President

Observing: Alex Wilson, HISA Perth President-Elect
Cameron Murray, HISA Perth VPEE-Elect
Aimee Cuthbert, Students' Association Coordinator (HISA Perth)

Chair: **Margaret Cook**

Minute Taker: Ian McCartney

Quorum: 8

Summary of Action Items			
Ref	Action	Responsibility	Time Line
5	Matters Arising <u>Ref 6.2 - Student Surveys: Induction Early Experience Survey 2019-20</u> Head of Student Experience to look into whether Q10 can be reviewed.	Head of Student Experience	Next Meeting
5	Matters Arising <u>Ref 9.1 – Safeguarding Policy</u> Chairs Action to finalise approval once contextual adjustments made, including those to reflect the increase on online learning due to COVID-19.	Chair/ Head of Student Experience	ASAP
6.2	Student Destinations Head of Student Experience to investigate percentage of the student population comprised the 94% who progressed internally and whether this was increasing or decreasing.	Head of Student Experience	Next Meeting
8.2	Balanced Scorecard Sector benchmark rates and internal tolerance levels to be added.	Clerk	ASAP
8.3	Risk Register Risk Areas referencing student recruitment should be revised given likely impacts of COVID-19.	Clerk	Next Meeting
8.3	Risk Register Risk 8 be updated to include “active ongoing engagement with research organisations”.	Clerk	Next Meeting

Minutes:

Item		Action
1.	Welcome and Apologies The Chair welcomed everyone to the meeting and noted presence of Observers. Apologies were noted.	
2.	Additions to the Agenda There were no additions to the agenda.	
3.	Declaration of Interest in any Agenda Item There were no declarations of a conflict of interest.	
4.	Minutes of Meeting held on 19 February 2020 Committee noted re Item 9.2 that Vice Principal had been added to membership of Scholarship & Research Strategy. Other than this addition, the minutes were approved as an accurate record.	
5.	Matters Arising from Previous Minutes	
	<p><u>Ref 6.2 - Student Surveys: Induction Early Experience Survey 2019-20</u></p> <p>Action: Head of Student Experience to look into whether Q10 can be reviewed.</p> <p>Action Update: Head of Student Experience noted that any amendments to survey questions are required to go through the Survey Group. This is being taken forward and any progress will be reported back.</p> <p><u>Ref 7.2 - HISA Perth Update</u></p> <p>Action: 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.</p> <p>Action Update: On Agenda (Item 7.2)</p> <p><u>Ref 7.4 - Regional Outcome Agreement</u></p>	Head of Student Experience

	<p>Action: Depute Principal to provide progress reports by email when available.</p> <p>Action Update: On Agenda (Item 8.1)</p> <p><u>Ref 9.1 - Safeguarding Policy</u></p> <p>Action: Reviewed Policy be circulated to Committee members to allow Chair's Action to be progressed.</p> <p>Action Update: Head of Student Experience informed Committee that some confusion had surrounded this issue, related to whether the Policy had been fully approved. In summary, Policy needs to be reviewed in terms of contextualisation. It was AGREED that, once any contextual adjustments were made, including to any reflect the increase on online learning due to COVID-19, Chairs Action to finalise approval would be appropriate.</p> <p><u>Ref 11 - Risk Review</u></p> <p>Action: Clerk to update Risk Register to reflect changes to Risks 8, 10 and 11</p> <p>Action Update: Completed and on Agenda under Item 8.3</p>	Head of Student Experience/Chair
6.	Student Experience	
*6.1	<p>HISA Perth Update</p> <p>HISA Perth VP Education & Engagement summarised the key points of Paper 2, highlighting that supporting of Class Reps was now being provided online; that the new Students' Association Coordinator had taken up post; that Perth College reported the highest turnout in Student Elections across the Partnership; and that the OBI Awards were still going ahead, but now online.</p>	
6.2	<p>Student Destinations</p> <p>Head of Student Experience introduced Paper 3 on student destinations for information, which provided information as up to date as possible at this stage, noting that this area is a statutory return to SFC and incorporates information from strategic partners such as Student Development Scotland, however the final stage of the reporting process cannot be completed and it is unknown when this will be completed.</p> <p>Head of Student Experience highlighted the positive 89% response rate, and noted a progression within Perth College/UHI of 94%.</p>	

	<p>Teaching Staff Member asked what percentage of the student population was made up of this 94% who progressed internally and whether this was increasing or decreasing, as this would be an indicator as to how successful the College was in attracting new students. Head of Student Experience to investigate this matter.</p>	Head of Student Experience
6.3	<p>Student Funding Update</p> <p>Head of Student Experience presented latest student funding update, as detailed in Paper 4, for information, noting that the paper represented the current position with Bursaries, Educational Maintenance Allowance and Student Loans continuing to be paid out to students.</p> <p>In addition, where available funds were not being used for the original purpose due to COVID-19 (eg travel allowance and nursery costs), these have been repurposed and will be utilised as part of College discretionary funds, and this has been cleared to be used in non-traditional ways (eg International students, residences, IT resources).</p> <p>Head of Student Experience further noted that, although it was not permitted to interchange HE and FE funds, Scottish Government had allowed for funds to be transferred within UHI, which allowed for a greater flexibility across Partner Colleges.</p> <p>Chair recorded thanks to staff for the speedy reaction to a rapidly-changing environment to meet needs of students, and informed Committee that the College was actively supporting and encouraging students to come forward and access the funds made available. Chair clarified that the emergency funds was not all “new” money, as it includes repurposing of around £2m from 2020/21 funding</p> <p>Board Member asked whether there were any hardship themes emerging, Chair noted that, although over 100 laptops had been distributed to students, the main concern continued to be around digital poverty.</p>	
6.4	<p>Student Support Update</p> <p>Head of Student Experience presented Paper 5, which provided information on current key issues affecting student support. Head of Student Experience outlined that recent focus had been on reaching out to students who had not used service before, as well as providing links to external support agencies as the College continues to stay engaged with those students who were already receiving support.</p> <p>Service levels continue to be monitored to ensure that, should</p>	

	<p>Support Services experience a surge in demand, an effective response can be provided. This includes online provision of counselling services, with 2 Counsellors trained in this mode of delivery.</p> <p>Initiatives such as Mental Health Week will continue online, and the College has launched DigiPals to tackle issues around isolation for students.</p> <p>Committee commended the Student Support team in their response to change methods of support so quickly.</p>	
7	Curriculum	
7.1	<p>Student Recruitment Update 2019/20 & Targets 2020/21</p> <p>Head of Student Experience outlined latest Student Recruitment position per Paper 6, noting that College had been broadly on track prior to COVID-19 restrictions; a recruitment drive for hands-on teaching areas planned for April 2020 had to be cancelled.</p> <p>Head of Student Experience noted that College FE core targets have been met but UHI targets had not been and will now be unlikely to do so, meaning College will be unlikely to receive ESF funding. Clarification required as to whether any ESF funds received will be subject to clawback.</p> <p>HE targets are close to targets, although currently running just below.</p> <p>Board Member queried whether any lobbying is taking place within sector re ESF shortfall due to circumstances. Principal noted the Colleges Scotland were pursuing the matter, as it is a huge issue across the sector.</p> <p>Head of Student Experience noted that target planning for 2020/21 has commenced – overall targets are set by SFC and these are collectively worked through across Partnership. Target planning for 2020/21 will have COVID-linked caveats such as how new Academic Year may be impacted and structured, how many students choose to stay on at school, impacts of social distancing, potential restrictions on travel and Residences, etc. There will also be Partnership factors feeding into process as well as local issues.</p>	
7.2	<p>Curriculum Review Planning Update</p> <p>Associate Principal (Curriculum) provided a brief verbal update on Curriculum Review & Planning process, that Sector Development Directors had produced papers on impacts in each area, and</p>	

	<p>highlighting some of the main impacts across a range of courses.</p> <p>Teaching Staff Member asked whether there was any increase in networking of HNs across Perth cohorts. Associate Principal noted that elements could be delivered this way but there was a need to ensure the same experience therefore there were potential difficulties within face-to-face elements which were being worked on.</p> <p>Teaching Staff Member queried impacts on staffing due to changes in working practices brought about by COVID-19. Associate Principal advised that there may well be an impact on part-time staffing due to staffing model being based on numbers of students, however this has yet to be discussed with staff.</p> <p>HISA Perth VP Education & Engagement asked about the appropriateness of learning spaces post-COVID. Associate Principal advised that timetabling and accommodation were being looked at, and noted that a number of UHI courses are networked which can cause issues that Perth College cannot directly fix.</p>	
8	Performance Monitoring	
8.1	<p>Regional Outcome Agreement - Update</p> <p>Depute Principal provided a verbal update on the latest iteration of the Regional Outcome Agreement, noting that due to COVID-19 there had been a relaxation of the deadline for input until June 2020.</p> <p>Depute Principal advised that the majority of Perth College responses were near completion, with the exception being developing young workforce, which was only at first draft phase.</p> <p>Board Member asked whether Board would have sight of final document before submission. Depute Principal noted that the hyperlinks were ready and able to be viewed should this be desired.</p>	
8.2	<p>Balanced Scorecard</p> <p>Clerk presented Paper 7, which presented a mixed picture around rates of retention.</p> <p>Head of Student Experience informed Committee that, while over the years the College has been fairly successful in retention, last year did see drops in retention, particularly in areas of increasing complexity for student support. However, it should be noted that, while it is disappointing that retention rates have dropped against target, Perth College is still performing ahead of the Sector.</p>	

	<p>Board Member noted that the report did not show the Sector benchmark rates or internal tolerance levels which makes comparative analysis difficult and has the potential to lull the College into a false sense of security. Clerk advised that this area was due to be addressed within the review of the Balanced Scorecard currently being undertaken.</p>	Clerk
8.3	<p>Risk Register – Academic Affairs</p> <p>Clerk presented Paper 8 for review by Committee.</p> <p>Board Member noted the lack of reference to COVID-19 within the document. Clerk advised that a new Risk Area had been added to the full Register and would be scheduled for review by Audit/Board during this meeting cycle.</p> <p>Board Member suggested that the Risk Areas referencing student recruitment should be revised given likely impacts of COVID-19.</p> <p>Chair of Scholarship Research Committee requested that actions in Risk 8 be updated to include “active ongoing engagement with research organisations”.</p>	<p>Clerk</p> <p>Clerk</p>
9	<p>Committee Minutes</p> <p>Committee received and noted minutes of Scholarship & Research Committee dated 20 April 2020,</p> <p>Chair of Scholarship Research Committee noted that contributions to REF are proceeding well, however REF itself is delayed which may have some impact on future income.</p>	
10	<p>Date of Next meeting</p> <p>Meeting date tbc, pending Board approval of the full Committee Schedule for 2020/21</p>	
13	<p>Review of Meeting</p> <p>The Committee agreed the meeting had covered its Terms of Reference.</p>	

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

Engagement Committee

DRAFT Minutes

Meeting reference: Engagement 2019-20/04

Date and time: Thursday 07 May 2020 at 5.30pm

Location: Online

Members present: Sharon Hammell, Board Member (Chair)
Debbie Hutchison, Board Member
David Littlejohn, Board Member
John Dare, Board Member (Staff)
Margaret Cook, Principal
Michaela Asisten, VP Education & Engagement HISA Perth

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

Observing: Alex Wilson, HISA Perth President-Elect
Aimee Cuthbert, Students' Association Coordinator (HISA Perth)

Chair: Sharon Hammell

Minute Taker: Ian McCartney

Quorum: 3

Summary of Action Items			
Ref	Action	Responsibility	Time Line
6.2	HISA Perth Plan of Work Chair requested additional narrative in future reports.	HISA Perth	Future meetings
9.2	Risk Register Current Actions within Risk 3 to be replaced with actions from recently-approved International Strategy.	Clerk	Next meeting

Minutes:

Item		Action
1.	Welcome and Apologies The Chair welcomed everyone to the meeting. Apologies were noted.	
2.	Additions to the Agenda There were no additions to the agenda.	
3.	Declaration of Interest in any Agenda Item There were no declarations of a conflict of interest.	
4.	Minutes of Meeting held on 29 August 2019 The minutes were approved as an accurate record.	
5.	Matters Arising from Previous Minutes	
	<u>7.1 Balanced Scorecard</u> Action: Clerk to consider feedback for future development of Balanced Scorecard Action Update: Balanced Scorecard is being reviewed more widely at the June Board meeting. <u>10.1 Review of Risk Register</u> Action: Consideration should be given to splitting Risk 3 into 2 areas – domestic and international Action Update: Risk Register is being reviewed more widely at the June Board meeting	
6	Student Engagement	
*6.1	HISA Perth Update HISA Perth VP Education & Engagement summarised the key points of Paper 2, highlighting that supporting of Class Reps was now being provided online; that the new Students' Association Coordinator had taken up post; that Perth College reported the highest turnout in Student Elections across the Partnership; and that the OBI Awards	

	<p>were still going ahead, but now online.</p> <p>Staff Board Member asked about attendance levels for Drop-Ins. HISA Perth VPEE noted that attendance had been mixed, Wednesdays seemed to work best so focus will be on that session.</p> <p>Chair commended work of Students' Association throughout year and in response to COVID-19.</p>	
*6.2	<p>HISA Perth Plan of Work</p> <p>Committee received Paper 3, which summarised work undertaken by HISA Perth throughout year against targets. HISA Perth VPEE noted that some events had been cancelled due to COVID-10, but as many as possible were held online.</p> <p>Committee noted that the format for the report will form the basis for planning 2020/21 objectives, and strategic development work will be rolled forward.</p> <p>Staff Board Member noted the work HISA Perth were doing to promote student engagement during lockdown.</p> <p>Chair thanked HISA Perth for Plan of Work report, however requested additional narrative in future reports.</p>	HISA Perth
7	External Engagement	
7.1	<p>External Engagement Update</p> <p>Vice President introduced Paper 4, noting that activities during the period February – April have been significantly impacted by COVID-19, and the report predominantly reflects the early impacts emerging.</p> <p>Vice Principal advised that International Development is likely to be heavily impacted re future travel arrangements, and Business Development may be limited for a period due to broad-scale furloughing of staff.</p> <p>Vice Principal noted the ASW had shown good membership retention, and online classes had been very well attended.</p> <p>Board Member queried impact on discussions re Aviation Academy, Vice Principal noted that industry has been hit considerably by COVID-19, but the age profile of the workforce demonstrates there is still a need for developing skilled staff generated by replacement demand rather than growth pressures, albeit levels required are currently unknown. Greater clarity will be required once full impacts</p>	

	are known.	
8	Staff Engagement	
8.1	<p>HR Update</p> <p>Head of HR summarised Paper 5, noting that the consultation process around the UK Government's Job Retention Scheme had now concluded and furloughing of certain staff will proceed.</p> <p>Head of HR also advised that both long-term absences and Coronavirus-related absences had reduced since the report was written.</p> <p>Board Member queried the anticipated date for results re Job Evaluation Scheme. Head of HR noted that timescale was 1-3 years for Phase 1, ie those jobs scored in 2018. The ramifications of this are that any pay awards arising from the review will be backdated to September 2018.</p> <p>Staff Board Member sought clarification on whether the Government set aside funds re cost implications of Job Evaluation Scheme. Principal noted that a notional sum of money had been set aside but much will have changed by time process is completed.</p> <p>Board Member queried which areas of College would be impacted by furloughed staff. Head of HR noted that furloughing would be restricted to ASW due to the commercial nature of certain roles affected by the closure of the gym.</p> <p>Chair requested more details re the short life working group on stress being set up by Health & Safety Committee, as noted in report. Head of HR advised that the first meeting had only taken last week but meeting seemed positive.</p>	
8.2	<p>Consultation Update</p> <p>Principal advised that the Consultation exercise had been paused, as agreed at the last Board meeting as there was no agreement regarding compulsory redundancy.</p>	
9	Performance Monitoring & Compliance	
9.1	<p>Balanced Scorecard</p> <p>Clerk presented Paper 6 on the latest update of the Balanced Scorecard.</p>	

	<p>Chair expressed frustration at the lack of narrative and insight provided in order to allow Committee members to determine what is driving change. Clerk advised that these areas were due to be addressed within the review of the Balanced Scorecard currently being undertaken.</p>	
9.2	<p>Risk Register</p> <p>Clerk presented Paper 7 for review by Committee.</p> <p>Vice Principal noted that all Current Actions within Risk 3 had now been completed, and should be replaced with actions from recently-approved International Strategy.</p>	Clerk
10	Board Development	
10.1	<p>Board Development Update</p> <p>Principal noted that COVID-19 had impacted on plans re Board Development and methods for running sessions with smaller numbers of Board Members with repeating topics is being considered.</p> <p>Principal also noted that initial feedback from External Effectiveness Review was positive, and the full report would be discussed at the June Board meeting.</p>	
11	<p>Committee Minutes</p> <p>The minutes for the following meetings were received and noted:</p> <ul style="list-style-type: none"> • Staff Engagement Group, 10 January 2020 & 6 March 2020; • Student Engagement Group, 3 February 2020 & 4 March 2020. <p>Committee were advised that the EDIT meeting scheduled for 19 March 2020 was cancelled due to lockdown responses to COVID-19 occurring at that time</p>	
12	<p>Date of Next meeting</p> <p>Meeting date tbc, pending Board approval of the full Committee Schedule for 2020/21</p>	
13	<p>Review of Meeting</p> <p>The Committee agreed the meeting had covered its Terms of Reference.</p>	

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Status of Minutes – Open ☒

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

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

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

Audit Committee

DRAFT MINUTES

Meeting reference: Audit 2019-20/04

Date and time: Tuesday 19 May 2020 at 5:30pm

Location: Online

Members present: Ann Irvine, Board Member
Andrew Comrie, Board Member
Debbie Das Chaudhury, Student Board Member

In attendance: Margaret Cook, Principal
Lorenz Cairns, Depute Principal (Academic)
Veronica Lynch, Vice Principal (External)
David Archibald, Henderson Loggie (until Item 10)
Stuart Inglis, Henderson Loggie (until Item 10)
Stephen Reid, Ernst & Young
Graham Little (Interim Head of Finance)
Katy Lees (Head of HR & Organisational Development)
Ian McCartney, Clerk to the Board of Management

Apologies: None

Chair: **Ann Irvine**

Minute Taker: Ian McCartney

Quorum: 3

Summary of Action Items

Ref	Action	Responsibility	Time Line
5	Business Development Strategy Vice Principal to provide update to June Board	Vice Principal	June Board
6.1	Audits Action Plan Clarity be provided on the difference in definitions between “partial completion” and “progress on track”.	Vice Principal	June Board
6.1	Audits Action Plan Amend presentational errors on Page 6.	Vice Principal	June Board
6.3	Review of Risk Register Clearer cross-referencing to Risk 30 be made throughout document.	Clerk	Next meeting
6.3	Review of Risk Register Additional risks associated with COVID-19 to be added, eg academic arrangements, new regulations on assessments, requirement for contingencies for AY 2020/21 if College may not be able to provide some courses, impacts on postponement of REF, and capacity levels in classrooms.	Clerk	Next meeting
6.3	Review of Risk Register Board Member suggested references to “Furlough” within document be amended to Government Job Retention Scheme for clarity.	Clerk	Immediate
6.3	Review of Risk Register Clerk to review Residual Risk score for Risk 22.	Clerk	Next meeting
12	Date & Time of Next Meeting Clerk to circulate scheduled dates of Audit Committee s 2020/21 following Board approval.	Clerk	ASAP

Minutes:

Item		Action
1	Welcome and Apologies The Chair welcomed everyone to the meeting.	
2	Additions to the Agenda There were no additions to the Agenda.	
3	Declaration of Interest in any Agenda Item Henderson Loggie identified a conflict of interest re Procurement Contract Extension for Internal Auditors under Item 10.1.	
4	Minutes of Meeting held on 17 September 2019 The minutes were accepted as an accurate record.	
5	Matters Arising from Previous Minutes	
	<u>7.2 - Combined Audit Action Plan</u> Action 1: Clerk to ensure that Action Plan is linked to reporting schedules within future Board cycles Action Update: Completed Action 2: Principal and Clerk to liaise with EY to arrange date for a Board Development evening to provide training session re financial framework for Board members. Action Update: Deferred to future date <u>7.4 - Review of Risk Register</u> Action: Clerk to increase the Risk score for Risk 12 (Global Pandemic); add PREVENT and Compulsory Training to Risk 21; update Impacts/Evidence for Risk 22; and note links to Audit Plan when finalised. Action Update: Completed. Refer to Item 6.3 on Agenda. <u>10.1 - Internal Audit 2019-20 Action Plan</u> Action: Head of HR to produce a document which summarised work being carried out in area of skills re HR and Payroll Action Update: Presented within Item 9 on Agenda	Principal/ Clerk

	<p><u>10.2 - Internal Audit 2018-19 – Management Progress Report: HR & Payroll</u></p> <p>Action: Chair to alert Board to dissatisfactions with systems to in order to trigger options appraisals and costings</p> <p>Action Update: Completed</p>	
6	Compliance	
6.1	Audits Action Plan	
	<p>Vice Principal introduced Paper 2 and summarised the main content of the Audit Action Plan, noting that 44% of the Plan had been fully or partially completed, with 6% of actions paused or not yet started. Vice Principal added that the Plan remained largely on track despite impacts of COVID-19 on organisation, particularly where some processes have a manual base.</p> <p>Additional metrics were awaited from Finance which would be reflected in the update being provided at the next Board meeting.</p> <p>Chair noted that the document was comprehensive and easy to follow.</p> <p>Board Member requested that additional clarity be provided on the difference in definitions between “partial completion” and “progress on track”.</p> <p>Board Member asked what was being used as the main determining factor for prioritisation. Vice Principal noted that this varied by theme/action. Board Member suggested that higher focus be given to the impact of institutional priorities which can then be reflected within the themes.</p> <p>Board Member queried the <30% completion rate. Vice Principal noted that a number of actions within Finance required a longer lead-in time for completion as they were linked to other actions, hence the longer-term nature of some of these actions.</p> <p>Board Member noted some presentational errors on Page 6. These will be amended.</p>	<p>Vice Principal</p> <p>Vice Principal</p>
6.2	Code of Governance – Compliance Template	
	Clerk presented Paper 3, which provided a template for Audit Committee to ensure key compliance documents were recorded prior to annual reporting deadlines.	

	Committee noted the template provided a better understanding of core business for each meeting. Board Member suggested template be linked to full Board meeting cycle.	Clerk
6.3	<p>Review or Risk Register</p> <p>Committee considered latest version of Strategic Risk Register. Clerk summarised the significant areas of review that had taken place, particularly in light of COVID-19. Principal noted that, due to the fast-paced responses required on COVID-19, this might have an impact on how up to date the Register was in this area.</p> <p>Committee noted that a specific Risk Area (Risk 30) had been added for COVID-19, although reference had also been made to COVID-19 in other Risks throughout the document. Committee suggested that clearer cross-referencing to Risk 30 be made.</p> <p>Board Member noted that additional risks associated with COVID-19 should also be added, such as academic arrangements, new regulations on assessments, requirement for contingencies for AY 2020/21 if College may not be able to provide some courses, impacts on postponement of REF, and capacity levels in classrooms.</p> <p>Board Member suggested references to “Furlough” within document be amended to Government Job Retention Scheme for clarity.</p> <p>Board Member queried under Risk 17 whether College was now fully compliant against Equalities and Health & Safety legislation. Head of HR noted that Equalities legislation was complied with but progress against Health & Safety legislation was taking slightly longer. Henderson Loggie noted that they were reviewing progress within their Audit Plan.</p> <p>Board Member noted that Gross Risk was higher than Residual Risk for Risk 22. Clerk noted that, while there had been an impact of Audit Report on score Residual, this would be amended.</p> <p>Clerk update Committee on next steps re out of date actions and moves to create a system linked to local risk registers.</p>	<p>Clerk</p> <p>Clerk</p> <p>Clerk</p> <p>Clerk</p> <p>Clerk</p>
7	FOI & Data Protection	
7.1	<p>Freedom of Information & Data Protection Quarterly Update</p> <p>Clerk presented Paper 5 for information, noting in addition that guidance had been received from the Information Commissioner re responding to requests under COVID-19.</p> <p>Board Member queried issues related to HR requests. It was noted</p>	

	that a number of identical requests had been made across the sector from Unions. Clerk noted in addition that the College has a very high percentage of requests answered in full, which is a clear indicator of transparency.	
8	Performance Management	
8.1	Balanced Scorecard Clerk presented Paper 6 for information. Board Member queried impact on missed targets re student numbers Principal noted that recruitment figures do tend to fluctuate within measures however responses to increase recruitment levels are likely to bring numbers back more in line with targets.	
9	Audit Reports & Updates	
9.1	Internal Audit 2019-20 - Annual Plan Internal Auditor presented Paper 7, which outlined a routine progress report. Internal Auditor noted that COVID-19 had resulted in a slight delay re works on Procurement, however this continued to be progressed. Health & Safety fieldwork had been completed, and Budgetary Controls work was due to commence in June. Internal Auditors reported that work on Credits & Support Funds, which are very paper-driven, will require some access on campus which may have an impact on timelines, but it is hoped to do as much of this work as possible electronically to minimise impacts.	
9.2	Internal Audit Report 2018-19 – Management Progress Report: HR & Payroll Head of HR reported on Paper 8, noting that items R1-R5 had been completed and that work on the remaining areas was progressing well.	
9.3	Internal Audit Report 2018-19 – Management Progress Report: Pensions Contributions Head of HR reported that all 2019/20 contribution issues had now been rectified, and work was continuing on the historical issues. Chair queried whether November 2020 target date was achievable. Head of HR reported that data will be collated within this timescale, however it was unclear as to whether communications to staff will	

	have been issued by this point. Head of HR to review after summer and report back to next Audit Committee	Head of HR
9.4	<p>Internal Audit Report 2018-19 – Management Progress Report: Equalities Mainstreaming</p> <p>Head of HR reported that required reports had been published and available on website at end March 2020.</p> <p>There were still some outstanding actions re Equality & Diversity Champions, which are on hold until staff return to workplace.</p>	
9.5	<p>Internal Audit Report 2017-18 – Management Progress Report: Health & Safety</p> <p>Head of HR provided brief update on progress, noting impact on COVID-19 arrangements prioritising workloads in this area. Numbers of staff trained in Mandatory Health & Safety areas had improved significantly, however more work needs done to bring levels fully in line with targets.</p> <p>Committee noted work done to improve compliance in this area, albeit with some areas having outstanding items to be completed.</p>	
9.6	<p>External Audit – Audit Plan Y/E July 2020</p> <p>External Auditor presented Paper 12 for consideration, noting that scope of audit practices remained unchanged from previous year.</p> <p>External Auditor noted a lower level of materiality than previous year is scheduled to be applied, however this falls in line with amendment made during 2018/19 process.</p> <p>External Auditor highlighted key risks summarised on Page 6 and the Wider Scope Risks on Page 7, and noted the sector updates provided for context.</p> <p>External Auditor noted the timetable on Page 20 may be subject to change due to external circumstances, and advised that there may be an extension to filing deadlines due to COVID-19, however this awaits confirmation.</p> <p>External Auditor concluded by advising that fees are not possible to determine until wider scope exercise is completed – these would be determined at a future date.</p> <p>Chair asked about College management involvement in discussions re above. Vice Principal noted that positive dialogue had taken place regarding wider context, plan and timings.</p> <p>The Audit Plan was APPROVED.</p>	

10	Procurement	
10.1	<p>Procurement Contract Extensions</p> <p>Vice Principal outlined Paper 13, noting that guidelines had been issued by Scottish Government to permit extensions to procurement arrangements due to impacts of COVID-19. Temporary arrangements were therefore sought for procurement contracts for Catering, Finance Systems upgrade, and Internal Auditors.</p> <p><u>a) Catering</u></p> <p>Vice Principal noted that APUC had advised postponing full procurement despite process being at a fairly advanced stage, particularly as the contract is not purely commercial in nature due to student experience element.</p> <p>A 12-month extension to the current Catering contract was RECOMMENDED.</p> <p><u>b) Finance Systems Upgrade</u></p> <p>Vice Principal noted ongoing issues with manual processing and the recommendations within the Audit Plan re establishing improved systems for Finance, Payroll and HR.</p> <p>Vice Principal advised that UHI had tendered for a shared finance system (TechOne) several years ago, however this system will now initially only be installed for UHI Executive Office use, with roll-out to the Partnership at least 12 months away. An upgrade to the current Finance system is therefore recommended to improve reporting functionality and audit processes.</p> <p>The solution proposed would, in addition, allow College to be in an improved situation to fully assess pros and cons of migrating to TechOne system at the appropriate time.</p> <p>An upgrade to the current finance system was RECOMMENDED.</p> <p><u>c) Internal Auditors</u></p> <p>Henderson Loggie, having declared in an interest in this Item, departed the meetings at this point.</p> <p>Vice Principal noted that, while it would be possible to conduct a procurement process in time for the 2020/21 Internal Audit process, extending the current provision of Internal Audit services would be useful in enabling continuity of service during the College's response to COVID-19.</p>	

	A 12-month extension to the current Internal Audit contract was APPROVED.	
11	Committee Minutes Minutes of the Health & Safety Committee meeting of 30 April 2020 were received for information.	
12	Date & Time of Next Meeting Meeting date tbc, pending Board approval of the full Committee Schedule for 2020/21	Clerk
13	Review of Meeting Committee agreed that the Terms of Reference had been complied with.	

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Status of Minutes – Open* ☒ Closed ☐

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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 2019-20/04

Date and time: Wednesday 27 May 2020 at 5:30pm

Location: Online

Members present: David Littlejohn, Board Member
Brian Crichton, Board Chair
Craig Ritchie, Board Member
Debbie Hutchison, Board Member
Katrina Hodgson, Board Member
John Dare, Board Member (Staff)
Margaret Cook, Principal

In attendance: Lorenz Cairns, Depute Principal (Academic)
Veronica Lynch, Vice Principal (External)
Katy Lees, Head of HR & Organisational Development
Graham Little, Interim Head of Finance
Henry Nicholson, Financial Accountant
Ian McCartney, Clerk to the Board of Management

Apologies: Amy Studders (HISA Perth President)

Chair: **David Littlejohn**

Minute Taker: Ian McCartney

Quorum: 3

Summary of Action Items

Ref	Action	Responsibility	Time Line
5	10 – Policies Amended policy to be aligned with Terms of Reference and Schedules of Delegation within Governance Manual to be tabled at June Board Meeting	Clerk	June Board
10.1	Risk Register Concern was raised over some Residual Risk scores being greater than the Gross Risk score in that area. Clerk to amend as appropriate	Clerk	June Board
10.1	Risk Register Review Risk 25 given current circumstances affecting AST.	Clerk	June Board
11.1	Whistleblowing Policy Update amendments as notified prior to publication of Policy	Head of HR	ASAP

Minutes:

Item		Action
1	Welcome and Apologies The Chair welcomed everyone to the meeting, and introduced Financial Accountant to the meeting. Apologies were received from Amy Studders, HISA Perth President.	
2	Additions to the Agenda There were no additions to the Agenda	
3	Declaration of Interest in any Agenda Item There were no declarations of a conflict of interest.	
4	Minutes of Meeting held on 04 March 2020 Pending corrections to some minor typographical errors, the Minutes were accepted as an accurate record.	
5	Matters Arising from Previous Minutes	
	<u>6 – Estates Update</u> Action: Depute Principal (Academic) to prepare brief based on Paper 3 for a competitive procurement process re Estates Strategy, inclusive of options appraisal. Action Update: On Agenda – Item 7.1 <u>9 - HR Update</u> Action: Progression Plan re mandatory training to be presented to next F&GP meeting Action Update: Response covered under Item 9.1 <u>Ref 9 - HR Update</u> Action: Investigate useful comparators for staff turnover analysis Action Update: Response covered within Item 9.1 <u>10 - Policies</u>	

	<p>Action: Corrections and amendments re Procurement Strategy to be advised to APUC</p> <p>Action Update: Completed</p> <p><u>10 - Policies</u></p> <p>Action: Align amended policy with Terms of Reference and Schedules of Delegation within Governance Manual</p> <p>Action Update: To be tabled at June Board Meeting</p> <p><u>11 - Review of Risk Register</u></p> <p>Action: Update minor amendments against Risks 5, 6, 7 & 9.</p> <p>Action Update: Completed</p>	Clerk
6	Financial Performance	
6.1	<p>Perth College Management Accounts – 9 months to 30 April 2020</p> <p>Interim Head of Finance presented Paper 2 for information and noted key point of £604k deficit position, this being £306k ahead of budget. In addition, Interim Head of Finance noted that, despite tuition fee income and other Funding being well down on budget, overall position reported Income as £64k ahead of budget YTD.</p> <p>Chair commended layout as being much more useful in terms of presentation for use by the Committee.</p> <p>Principal noted that Colleges had been encouraged to spend Estates monies where possible, connected with return to work procedures.</p>	
6.2	<p>Mid Year Return 2019/20</p> <p>Financial Accountant presented Paper 3, which is an iteration of the previous Return and considers impacts of COVID-19 and the latest underlying assumptions, and provides an adjusted operating position. A conservative position had been adopted re ESIF funding in case clawback is required.</p> <p>Chair noted that the Paper is a sobering one, but the same impacts will be felt across the Sector.</p> <p>Chair of Board queried whether guidance had yet emerged from Government and/or Funding Council re deficit positions. Principal responded that no guidance had yet been issued regarding deficit positions for 2019/20 accounts or 2020/21 budgets.</p>	

	<p>Committee recognised that the College remains in uncharted waters and awaits further guidance and instruction from Government and Funding Council on these issues.</p> <p>Board Member requested clarification around items 1.24 and 1.34. Financial Accountant noted that error in 1.24 goes back to an incorrect entry in previous year's budget which is rather small therefore possibly not picked up at the time. The collaboration referred to in 1.34 relates to the new Symmetry system allowing local budget holders to view relevant information.</p> <p>The Mid Year Return was APPROVED.</p>	
<p>6.3</p>	<p>Perth College Indicative Budget 2020/21 & Future Financial Forecast – CLOSED ITEM</p> <p>Vice Principal presented Paper 4, which outlines assumptions for the preparation of the 2020/21 budget and the future financial performance of the College, for noting by Committee.</p> <p>Vice Principal noted that there were high levels of risk associated with future funding levels, despite Colleges Scotland assumptions had been utilised. Vice Principal informed Committee that these assumptions remain subject to review, and that estimated loss of income across Sector amounts to around £100m.</p> <p>Vice Principal noted that £2.8m deficit is projected for 2020/21 without any provision made for cost savings.</p> <p>Chair of Board queried occupancy assumptions re Residences. Principal responded that issue is one of timing, however current levels of occupancy appear to be very unlikely despite strong levels of application due to shared facility environment.</p> <p>Chair asked whether a radical look at the curriculum will be required. Principal noted that a full Curriculum Review had been completed shortly before lockdown, and UHI had also been looking at what can/cannot be delivered as a radical change of delivery would have a fundamental impact on income levels and offer provided.</p> <p>Associate Principal advised that young people have had their education seriously disrupted already, and changes to curriculum could drastically affect reputation of College among local population. Associate Principal also noted that feedback from DYW employers has indicated that they are not enthusiastic about online-only courses.</p> <p>Depute Principal noted that, were the College to pause delivery of some courses, then another provider may step in and it may prove</p>	

	<p>difficult to get students back. However, the positioning on the curriculum needs to be focused on local needs to ensure it's the right mix of programmes for the community.</p> <p>Board Member asked about sources used for assumptions re international income given travel restrictions, etc. Vice Principal noted that data was sourced from British Council and Scottish Development International amongst others, and concluded that the assumptions made were fairly conservative and could be improved upon as there was still strong interest from the Chinese market.</p> <p>Board Member queried whether there was a threat to cash reserves. Vice Principal noted that SFC have provided assurances re cash positions and will not allow any College to run out of cash. In addition, the College's current cash position remains fairly strong.</p> <p>Board Chair reminded Committee that a conversation had taken place at the previous meeting re adopting a cash reserves position of minimum of 1 week's cash. Vice Principal noted that this metric was included in the Audit Action Plan being presented to the Board.</p> <p>Board Chair advised that the clear direction from the Regional Strategic Board meeting was that the regional offer must be correct, and the assumption post-COVID is that more potential students will be staying at home therefore will be looking at courses locally. Chair noted that there had been an increase in unemployment of 92% within Perth & Kinross in April, the 2nd largest increase in Scotland.</p>	
6.4	<p>National Insurance Settlement – CLOSED Item</p> <p>Financial Accountant presented Paper 5 which summarised the latest developments regarding historic underpayment of NI contributions, as identified within recent Audits.</p> <p>Financial Accountant advised that the issue had been disclosed to HMRC in November 2019, and responded to in February 2020, and an agreement had been arrived at for payment to HMRC to the value of £114,994 plus £5,066 of interest to resolve the voluntary disclosure of under payment of Employer and Employee National Insurance contributions for the tax years ended 5 April 2017, 2018 and 2019.</p> <p>Financial Accountant advised that a settlement figure for tax year ending 2020 was still to be agreed upon.</p> <p>Board Member queried whether any professional advice had been taken. Financial Accountant confirmed that advice had been sought with regard to recovery rules.</p>	

	<p>Principal noted that the disclosure and subsequent settlement discussions had been fair and upfront from both sides, and would not want to jeopardise this position.</p> <p>Head of HR advised Committee that the issue had been raised with the Trades Unions and there was a risk that writing-off any overpayments may be seen as setting a precedent for other overpayments as there are other recovery positions outstanding. Financial Accountant further advise that there was a maximum recovery level which would make it unlikely that College would recoup £26k.</p> <p>Principal noted that there was a difference between what the College would like to do and what it is required to do – the requirement to recover public money trumps what the College may prefer to do in this instance.</p> <p>Committee AGREED that, while there may be a desire to so the “right” thing, it is compelled to do what is required.</p> <p>The settlement terms outlined in Paper 5 were APPROVED.</p>	
6.5	<p>AST Management Accounts: 9 months to 30 April 2020 – CLOSED ITEM</p> <p>Interim Head of Finance presented Paper 6 for information, noting income levels held up better than expected, and staff costs were drastically reduced do to use of the Government Job Retention Scheme and a number of AST staff taking salary holidays. IN addition, a rent holiday had been agreed with the landlords of the hangar at Scone.</p> <p>Principal advised that AST Board were now meeting on a monthly basis to work towards retaining AST as a viable business.</p> <p>Board Member expressed thanks to staff who undertook a voluntary salary reduction.</p>	
6.6	<p>AST Business Plan 2020/21 – CLOSED ITEM</p> <p>Vice Principal tabled Paper 7 for information, which would require approval by Board.</p> <p>Vice Principal outlined the cashflow challenges faced by AST under the current circumstances, including the position of a major client being unable to make a predicted payment. Vice Principal informed Committee that the AST Board had reviewed the position re deferred income from an historic contract with the Libyan government, and had agreed its use as a temporary cash facility to with the Board Chair at the last meeting.</p>	

	<p>Vice Principal advised Committee that the 2019/20 AST accounts had not been signed off due to issues over the company's Going Concern position resulting from the delay in producing the College accounts.</p> <p>Chair noted that the cash facility proposed did not form the entire deferred income from the Libyan monies, rather a proportion of this money that it is seeking to retain from the contract (circa £130k).</p>	
7	Estates	
	<p>7.1 Estates Strategy</p> <p>Depute Principal summarised Paper 8 which provided a brief for use by architects pulled together by consultants who would not be tendering for the project. Depute Principal noted the pros and cons of pursuing such a strategy at the current time.</p> <p>Board Member asked if there was space in the budget for the tender work, which would likely be fairly significant. It was noted that the Procurement team would be able to advise on the likely budgetary requirements.</p> <p>Board Member suggested that the brief should take account of future-proofing around the recent pandemic, eg socially-distanced toilets, etc.</p> <p>Board Chair enquired about any potential indications from the Council re Goodlyburn Primary School. Following further discussion, it was AGREED that consultants should seek to clarify situation with Council before progressing.</p>	
7.2	<p>Estates Update</p> <p>Depute Principal summarised Paper 9, highlighting the preparatory work being done on requirements for restart procedures across the campus, and noting that a Short Life Working Group had been pulled together to take this work on.</p> <p>Board Member enquired whether the digital estate was coping. Depute Principal noted the significant numbers of laptops distributed to students, but advised that digital poverty was a clear factor. Vice Principal noted that capital funds were being sought from SFC for digital capital for next academic session.</p> <p>Principal noted that clarification is required on what capital monies from sale of Kinross property can be spent on.</p>	
8	Procurement	

8.1	<p>Procurement Extension Proposals</p> <p>Vice Principal summarised proposals for extensions to contracts for Catering, Finance and Internal Audit, as briefed in Paper 10, noting that all 3 proposals comply with guidelines from Audit Scotland.</p> <p>Board Chair sought clarification on Finance System upgrade. Vice Principal noted that there were 2 elements within the proposal, ie a platform fee and a 1-off software cost, and that the Value For Money assessment had indicated that the improvements made would result in the upgrades paying for themselves within 12 months due to cost savings. Vice Principal further noted that a request had been submitted to UHI under the terms of the Memorandum of Understanding and feedback was awaited – should anything be raised via this process, Board will be advised.</p> <p>Vice Principal informed Committee that the proposals would not impact on the assessment of the TechOne option available via UHI, and would help to ensure that the bar was raised at Perth College with respect to functionality.</p> <p>The proposals laid out in Paper 10 were APPROVED.</p>	
8.2 8.3	<p>Residences Contract Tender & Insurance Tender</p> <p>Depute Principal advised that 1 organisation had tendered for each project and that the Procurement team were currently evaluating these bids.</p>	
9	<p>Human Resources</p>	
9.1	<p>HR Update</p> <p>Head of HR & Organisational Development presented Paper 13, highlighting that mandatory training figures were now all above 72%.</p> <p>Board Member enquired whether staff turnover figure was of concern. Head of HR advised that this figure was below sector average due to impact of nature of contracts offered within sector.</p>	
10	<p>Compliance</p>	
10.1	<p>Review of Risk Register</p> <p>Committee reviewed items on Risk Register within the remit of the Committee.</p>	

	<p>Concern was raised over some Residual Risk scores being greater than the Gross Risk score in that area. Clerk to amend as appropriate</p> <p>Board Member highlighted need to review Risk 25 given current circumstances affecting AST.</p>	<p>Clerk</p> <p>Clerk</p>
11	Policies & Procedures	
11.1	<p>Whistleblowing Policy</p> <p>Head of HR presented Paper 15, which formed part of a standard review of all policies and procedures.</p> <p>The following items were noted for correction within the document:</p> <ul style="list-style-type: none"> * Section 6 – bullet point should be a separate paragraph, and clarification required re hierarchy of decision-making; * Contact details referring to Clerk to be amended to generic email address <p>Subject to these amendments being made, the updated Whistleblowing Policy was APPROVED</p>	<p>Head of HR</p>
12	<p>Committee Minutes</p> <p>The minutes for the following meetings were received and noted:</p> <ul style="list-style-type: none"> ● JNC Support Staff, 12 December 2019 ● JNC Lecturing Staff, 22 January 2020 ● JNC Consultation meetings 03 December 2019, 11 December 2019 & 15 January 2020 (Summary only) 	
13	<p>Date & Time of next meeting</p> <p>Meeting date tbc, pending Board approval of the full Committee Schedule for 2020/21</p>	
14	<p>Review of Meeting</p> <p>The Committee agreed the 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 ☐
* Excepting Items 6.3, 6.4, 6.5 & 6.6

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

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

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

Do the minutes contain items which may be contentious under the terms of the Data Protection Act 1998?

Yes ☐
No ☒

Perth College UHI

Paper No.20

Committee	Finance & General Purposes Committee
Subject	Settlement for underpayment of National Insurance contributions
Date of Committee meeting	27/05/2020
Author	Henry Nicholson, Financial Accountant
Date paper prepared	20/07/2020
Executive summary of the paper	<p>This paper advises Committee of the latest developments regarding historic underpayment of NI contributions, as identified within recent Audits.</p> <p>The paper makes a number of recommendations for Committee's consideration.</p>
Consultation How has consultation with partners been carried out?	N/A
Action requested	<input type="checkbox"/> For information only <input type="checkbox"/> For discussion <input type="checkbox"/> For recommendation <input checked="" type="checkbox"/> For approval
Resource implications (If yes, please provide details)	Yes/ No As detailed within the paper.
Risk implications (If yes, please provide details)	Yes/ No Failure to conclude this matter poses a significant compliance risk to the College.

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<p>Link with strategy</p> <p>Please highlight how the paper links to the Strategic Plan, or assist with:</p> <ul style="list-style-type: none"> • Compliance • National Student Survey • partnership services • risk management • other activity [e.g. new opportunity] – please provide further information 	<p>Click or tap here to enter text.</p>
<p><u>Equality and diversity</u></p> <p>Yes/ No</p> <p>If yes, please give details:</p>	<p>Yes/ No</p>
<p>Island communities</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>Yes/ No</p> <p>If yes, please give details:</p> <p>Click or tap here to enter text.</p>
<p><u>Data Protection</u></p> <p>Does this activity/ proposal require a Data Protection Impact Assessment?</p>	<p>Yes/ No</p> <p>Click or tap here to enter text.</p>
<p>Status (e.g. confidential/non confidential)</p>	<p>Confidential</p>

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Freedom of information Can this paper be included in "open" business?	Yes / No This paper will remain as Reserved Business until all matters resolved to satisfaction of Auditors and formally recorded for public information via Audit Report (likely Dec 2020)
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* 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 checked="" 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? Until approved 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

Settlement for underpayment of National Insurance contributions

- 1.1 As part of the internal audit programme during the 18/19 financial year an issue was identified relating to the underpayment of Employer and Employee National Insurance contributions.
- 1.2 The issue arose from incidences where employees have multiple posts within the payroll system which were being treated as separate for the calculation of national insurance contributions whereas their overall employment with the College should be treated as a single job for National Insurance purposes.
- 1.3 The result of the multiple posts is that the personal allowance where National insurance is not paid (earnings below the lower earnings limit) was being applied to each post rather than the overall employment.
- 1.4 A digital disclosure was made to HMRC on 9 November 2019. This involved disclosing that an issue had been identified but did not provide any further detail.
- 1.5 On 4 February 2020, HMRC responded to the digital disclosure requesting that further detail be supplied.
- 1.6 On 6 March 2020 a detailed report and calculation was provided to HMRC. The detailed disclosure calculated the underpayment for the tax years ended 5 April 2017, 2018 and 2019. The total underpayment was calculated as £51,748.90 of employee contributions and £63,246.84 of employer contributions, a total of £114,995.74.
- 1.7 The under calculation of Employer and Employee National Insurance contributions has affected 75 employees over the tax years 16/17, 17/18 and 18/19. Not all 75 employees are affected for all of those tax years.
- 1.8 The detailed disclosure was made before the end of the tax year and so no calculation was made for any underpayment during the tax year ended 5 April 2020. The detailed disclosure did make it clear that there would be a subsequent disclosure relating to this tax year.
- 1.9 On 19 March 2020 HMRC responded by letter to confirm that they wished to seek settlement of the matter and would like Perth College to make an offer to settle the amounts due. The suggested offer was £114,994 of underpayment plus £5,066 of interest calculated to 8 November 2019 (the date of the initial disclosure). No penalties have been charged or suggested by HMRC.
- 1.10 The offer letter from HMRC is attached as Appendix 1 to this paper.
- 1.11 The offer letter requires the College to make an offer of an amount and date that the amount will be paid.

- 1.12 The matter has been discussed with SMT and the opinion is that the offer that should be made is for the full amount of underpayment plus the interest calculated and that the amount will be paid within 30 days of signing the offer letter.
- 1.13 As this matter ultimately requires Board of Management approval, HMRC have been made aware of the board cycle and that the offer letter will not be signed until 8 June 2020. They have confirmed by email that this is an acceptable timeframe in the current circumstances.

Additional disclosure

- 1.14 HMRC are aware that the College intends to make a further disclosure regarding underpayment of National Insurance contributions. This will cover the tax year ended 5 April 2020 as well as the first two months of the tax year ended 5 April 2021, i.e. April and May payroll.
- 1.15 A fix to the payroll system has now been tested and will be implemented from the June payroll onwards.
- 1.16 The amount that has been provisionally calculated for the tax year ended 5 April 2020 is £26,585.25 of employee contributions and £34,925.19 of Employer contributions, a total of £61,510.44. The additional disclosure covers 101 employees.
- 1.17 The reason for the increase in numbers of employees affected is that the previous approach when an employee took on an additional role was to increase the hours attributed to their permanent role. The previous approach lead to a lack of transparency about employee roles so HR asked for the creation of different posts. As a result there are now more employees with multiple posts who are affected by the payroll system issue. This will not be an issue once the system fix is rolled out.

Reclaim of employee national insurance contributions

- 1.18 The payment of the underpaid amounts is the responsibility of the College. It is possible to reclaim some of the amounts of the underpaid employee contributions from the relevant employees.
- 1.19 The reclaim is governed by strict rules which can be summarised as:¹
- “You cannot recover more than the amount of National Insurance the employee owes in a month (so the employee pays no more than double their normal contribution). Carry over the difference to later months - you can only make deductions in the tax year when you made the mistake and the year after.”
- 1.20 If the College makes deductions in the tax year ended 5 April 2021, those deductions can only be for the tax years ended 5 April 2020 and 2021.

¹ <https://www.gov.uk/payroll-errors/correcting-pay-or-deductions>

- 1.21 As this offer letter only covers the tax years ended 5 April 2017, 2018 and 2019 then in line with the guidance set out above, the College is unable to recover from employees any of the £51,748.90 of underpayment of employee contributions from those employees.
- 1.22 The College may be able to recover some of the underpayments of employee contributions of £26,585 for the tax year ended 5 April 2020 and an as yet uncalculated amount for the first two months of the tax year ended 5 April 2021. These amounts will be disclosed to HMRC in the additional disclosure.

Recommendation

- 1.23 It is recommended that the board:
- 1.23.1 Note the contents of the report;
 - 1.23.2 Note that the payroll system fix has been tested and will be implemented from the June payroll onwards;
 - 1.23.3 Approve the settlement with HMRC to the value of £114,994 plus £5,066 of interest to resolve the voluntary disclosure of under payment of Employer and Employee National Insurance contributions for the tax years ended 5 April 2017, 2018 and 2019;
 - 1.23.4 Approve the provisional additional disclosure value for the tax year ended 5 April 2020 as £26,585.25 of Employee contributions and £34,925.19 of Employer contributions, totalling £61,510.44;
 - 1.23.5 Approve the provisional additional disclosure for the tax year ended 5 April 2021 in an amount still to be determined;
 - 1.23.6 Note the College's inability to recover any of the £51,748.90 of underpayment of employee contributions for employees for the tax years ended 5 April 2017, 2018 and 2019; and
 - 1.23.7 Approve the recovery of the proportion of the underpayments of employee contributions of £26,585 for the tax year ended 5 April 2020 and an as yet uncalculated amount for the first two months of the tax year ended 5 April 2021.



HM Revenue & Customs

Perth College UHI
Crieff Road
Perth
PH1 2NX

Indv and Small Business Compliance
HM Revenue and Customs
BX9 1LE

Phone 03000 511452
Monday to Thursday 08:30 to 17:00 Friday
08:30 to 16:30

Web www.gov.uk

Date 19 March 2020
Our Ref 961/7350162
Case Ref CFS-1763697

Dear Sir or Madam

Further to your digital disclosure dated 8 November 2019 regarding a voluntary disclosure, please accept my apologies for the delay in replying. I have now received authorisation from my manager to seek settlement in relation to the outstanding employer duties. This will be done informally via contract settlement, whereby you will make an offer to settle the amounts due in respect of the tax years 2016/17 through to 2018/19. Interest has been calculated up until 8 November 2019, which was the date of your original Notice of Intent to report a Voluntary Disclosure.

I have enclosed a draft letter of offer for completion and ask that you now let me have your offer.

Whilst I am unable to commit the Board of HM Revenue and Customs in any way, in my experience and considering the circumstances of this case, I would consider a gross offer of **£120,060.00** to be acceptable and for payment to be made within **30 days** or less of the date of my letter of acceptance. This would be made up as follows:

Statement A Additional duties due	
NIC Class 1	£114,994.00
Interest	£ 5,066.00
Statement A Total	£120,060.00

What you need to do now

I have attached 2 copies of a draft letter of offer. You need to read it carefully, complete the blank spaces accurately, initial any alterations, sign and date it then return a copy to the address at the top of this letter.

Once you have signed the offer and I have accepted it on behalf of the Commissioners of HM Revenue and Customs, it is a legally binding and enforceable contract.

Information is available in large print, audio and Braille formats.
Text Relay service prefix number – 18001



It should be completed and returned to me by **19 April 2020**

When I receive your offer, providing that it is acceptable to the Commissioners, I will issue a formal offer of acceptance.

If you are unable to make a satisfactory offer in settlement, then I will proceed by the way of formal assessments.

Student Loan Underpayments

As per point 1.13 of your letter, please supply any information or calculations regarding the underpayment of Student Loans.

Additional information

If you have any questions about this letter or our check, please phone us on the number at the top of this letter.

Whichever method you choose to contact us about this check, you need to quote the case reference CFS-1760088 and any other references shown above. If you write you need to use the address shown above. If you send documents you must tell us if you want them returned as we may securely destroy them after 50 days. We will not return memory sticks or any other removable media. It is our policy to destroy these rather than return them.

Yours sincerely

Employer Compliance Team
ISBC Campaigns & Projects

TO THE COMMISSIONERS FOR HER MAJESTY'S REVENUE AND CUSTOMS

The National Insurance Contributions in statement A below is unpaid, wholly or in part, because of the failure of the company to meet all its obligations under the relevant Acts and Regulations. On the basis that no proceedings are taken against the company for those liabilities or for the penalties and interest on it

Perth College UHI

of Crieff Road, Perth, PH1 2NX

offers the sum of £

less £ already paid.

The balance of £ will be paid within days of the date of your letter accepting this offer.

If the full sum has not been paid by that day, interest at the rate which applies for Section 86 Taxes Management Act 1970 and which may be varied from time to time will also be payable on any unpaid balance from that day. This interest will be payable without deduction of tax.

Statement A

Year or Tax Period	Nature of Liability	Amount £
2016/2017	National Insurance Contributions	£32,799.00
2017/2018	National Insurance Contributions	£38,412.00
2018/2019	National Insurance Contributions	£48,849.00

Signed on behalf of the company

Signed.....(Director)

Date.....

Print name.....

Signed..... (Director or Company Secretary)

Date

Print name.....

The following details are for HMRC's purposes only and do not form part of this offer.

Reference number:	CFS-1763697
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