

Board of Management

Minutes

Meeting reference: Board 2024-25/02

Date and time: Wednesday 18 December 2024 at 5.00pm

Location: ASW (Room 961)

Members present: Graham Watson, Chair, Board of Management
Mary Fraser, Board Member
Jenni Harrison, Board Member
Chris Lusk, Board Member
Debbie McIlwraith-Cameron, Board Member
Elaine Piggot, Board Member
Ian Robotham, Board Member
Derek Waugh, Board Member
Alistair Wylie, Board Member
Margaret Cook, Principal & Chief Executive
Patrick O'Donnell, Staff Board Member
Xander McDade, Student Board Member
Andi Garrity, Student Board Member
Ronnie Dewar, Trade Union Board Member (from Item 6.1)

In attendance: Lorenz Cairns, Depute Principal (Academic)
Lynn Murray, Depute Principal (Operations)
Gavin Stevenson, Director of Finance
Ian McCartney, Clerk to the Board of Management

Observers: Alastair, Chair, UHI Court
Deirdre Joy, Board Member (awaiting UHI Court approval)

Apologies: Jenny Hamilton, Board Member
Winston Flynn, Trade Union Board Member
Chris Whatley, Board Member (awaiting UHI Court approval)

Chair: **Graham Watson**

Minute Taker: Ian McCartney

Quorum: 9

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We will act with integrity in everything we do

Student Centred + Innovative + Ambitious + Respectful + Inclusive + Collaborative

Current Action Log

Initial Meeting date	Topic	Action	Owner	Timescale
17 October 2023	Development Trust	Board to receive process update re winding up of Development Trust	Principal	TBC
23 October 2024	Balanced Scorecard	Time to be found to analyse in more detail – possible use of Board Development Evening	Clerk	Cycle 3 Development Evening
18 December 2024	Action Log	Timescales to be added to Action Log	Clerk	Next Board
18 December 2024	Budget 2024/25	EO to approach SFC for definitive answer re AST management fee, to enable Board to consider ramifications/options	SLT/Chair	Next Board
18 December 2024	Budget 2024/25	Revised agreed wording around the proposed statement to be taken forward to EO/SFC by Chair	Chair	ASAP
18 December 2024	Budget 2024/25	SLT to produce a Recovery Plan for Board scrutiny	SLT	Mid-February 2025

MINUTES

Item		Action																				
1.	<p>Welcome and Apologies</p> <p>Chair welcomed everyone to the meeting and noted apologies. Chair welcomed new Staff Board member, Richard Fyfe, to his first Board meeting.</p> <p>Chair also noted that 2 new Independent Board Members – Deirdre Joy and Chris Whatley – had also been proposed for appointment to the Board but were still awaiting formal approval from UHI Court.</p>																					
2.	<p>Additions to the Agenda</p> <p>Chair noted the continued absence of a nominee for Board Health & Safety Champion, a position that needs to be rectified.</p>																					
3.	<p>Declaration of Interest in any Agenda Item</p> <p>There were no Declarations of Interest noted.</p>																					
4.	<p>Minutes of Board of Management meeting, 23 October 2024</p> <p>The minutes were APPROVED as an accurate record of the meeting.</p>																					
5.	<p>Matters Arising</p> <table><tr><th>Initial date</th><th>Topic</th><th>Action</th><th>Owner</th><th>Status</th></tr><tr><td>17 October 2023</td><td>Development Trust</td><td>Board to receive process update re winding up of Development Trust</td><td>Principal</td><td>Principal met with DMC to take forward next steps. Remains ongoing.</td></tr><tr><td>23 October 2024</td><td>Chair's Report</td><td>Board to be provided with update re progress on OBC</td><td>Chair</td><td>Briefing organised with UHI for January 2025</td></tr><tr><td>23 October 2024</td><td>Principal's Report</td><td>Principal to prepare comms to internal and external stakeholders re Colleges Scotland submission to Scottish Government re</td><td>Principal</td><td>Principal met with EO 04/11. Comms to be issued asap.</td></tr></table>	Initial date	Topic	Action	Owner	Status	17 October 2023	Development Trust	Board to receive process update re winding up of Development Trust	Principal	Principal met with DMC to take forward next steps. Remains ongoing.	23 October 2024	Chair's Report	Board to be provided with update re progress on OBC	Chair	Briefing organised with UHI for January 2025	23 October 2024	Principal's Report	Principal to prepare comms to internal and external stakeholders re Colleges Scotland submission to Scottish Government re	Principal	Principal met with EO 04/11. Comms to be issued asap.	
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			draft budget		
23 October 2024	Draft Budget	Board to receive 3-year Cashflow as soon as possible to enable Board to articulate requirements for funding	Director of Finance	Complete - Issued 06/11/2024	
23 October 2024	Draft Budget	Board to discuss levers available and bigger picture around wider problems that may or may not be resolved via OBC	Board	Complete – discussed at Development Session, 16/12/2024	
23 October 2024	Draft Budget	Budget to be approved pending additional work per above	Board	On agenda (Item 6.1)	
23 October 2024	Draft Budget	Communicate key funding issues to UHI and SFC	Chair	Contingent on Budget discussion per Agenda	
23 October 2024	Pension Strain	Board to be provided with actual vs assumed Pension Strain costs (budgeted as a %age)	Director of Finance	Complete - Info contained within Cashflow Update	
23 October 2024	Annual H&S Report	Volunteer info re Board H&S Champion to be circulated	Clerk	Complete – Champion still to be appointed	
23 October 2024	External Effectiveness Review	Development Plan to be compiled and circulated	Clerk	Complete – on Agenda (Item 9.2)	
23 October 2024	Balanced Scorecard	Time to be found to analyse in more detail – possible use of Board Development Evening	Clerk	To be discussed at next Board Development Evening – Cycle 3	
Chair noted the completed and outstanding actions per the Action Log.					Clerk

	Board Member requested that target dates be added to Action Log.	
6.1	<p>UHI Perth Budget 2024-25</p> <p>Chair noted for context the useful discussion that had taken place at the Board Development session earlier in the week, in particular how the Budget had moved from the start of the year due to the shortfall in HE numbers and the effect of timings related to VS and associated costs, plus the movements in commercial income. Chair noted that these impacts were fully described with Appendix 5 of Paper 2 tabled for discussion.</p> <p>Chair added that the high-level assessments with regard to current trajectory demonstrates a need for SLT to produce a Recovery Plan early in the new year, linked to a reforecast.</p> <p>Chair stated that the expectation is that the college will not be able to generate a surplus over the foreseeable future given projected HE numbers Top-Slice contributions, therefore there is a need for Board to receive information on incomes and look at the level of cost in the business. There is no appetite within the Board for compulsory redundancy, but there is a clear need to examine the evidence of impact of all options available, including continued funding advances from SFC and the top-slice.</p> <p>Depute Principal (Operations) shared the Budget Risks slide left over from the Board Development Session earlier in the week, which highlighted the following risks:</p> <ul style="list-style-type: none"> • Outline Business Case for UHI • Balancing the budget • Reduced student numbers • Reduced levels of funding • Pay awards • Employers National Insurance increase • Pensions – academic and support staff • Impact on staff of cuts • Inflation on non-staff costs • Job evaluation • Cashflow • RDEL/ CDEL • Adjusted Operating Position • AST implications • Reduced profitability of commercial activities • Finance Team - lack of corporate memory <p>Depute Principal (Operations) noted the liquidity support from SFC, as highlighted in Appendix 1 of Paper 2.</p> <p>Depute Principal (Operations) also noted that the majority of the</p>	

	<p>risks noted were shared with the rest of the Sector and provided detail in those areas that Board Members may not be fully aware of.</p> <p>Depute Principal (Operations) explained the issues around the Job Evaluation scheme that had been ongoing since 2018, with the government commitments on this, including back-dating, amounting to around £12m pa; however, while the money is technically there for this process, Audit Scotland have provided direction that this liability has to be recognised in the accounts, but the assumed asset cannot be recognised due to the lack of guaranteed funding from the government, which will result in an impact on the Financial Statements.</p> <p>Depute Principal (Operations) noted, in terms of cashflow, that £650k is due to be paid back to UHI over the first 3 months of 2025 re additional funding, however released claw-back amounting to £380k will have a positive effect.</p> <p>Depute Principal (Operations) noted the likely change in treatment around capital spend definitions, and explained the accounting adjustments around depreciation and pensions within the Financial Statements.</p> <p>Depute Principal (Operations) highlighted the ongoing discussions with UHI around the £100k annual service payment due from AST to the college and the short-term challenges this placed on the business despite the long-term positivity, noting the consequential impact on UHI Perth re the BSc programme, and the legal position that means the college cannot fund AST.</p> <p>Student Board Member sought clarification around the benefits of retaining AST as a separate entity as opposed to bringing in-house. It was explained that AST's income levels pass the threshold for needing to retain as a separate entity under charity law. Board Member clarifies that, while there may be a range of options in treating AST differently, these would require a number of hoops to be jumped through, and the company does not have the luxury of time that would be required given the considerable restrictions OSCR would in all likelihood enforce.</p> <p>Chair moved the discussion on to the substantive item of the UHI Perth Budget 2024/25, noting that a break-even budget had not been presented, and at this stage Board cannot be assured that the OBC will be concluded in time to address key issues.</p> <p>Chair shared a proposed statement which, if agreed, would form an agreed position to take forward to UHI/SFC, per below:</p> <p><i>Over the last two years the Board and Senior Leadership Team of UHI Perth have made staff efficiency savings of ~£3.5m to ensure the financial sustainability of the</i></p>	
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organisation. This has meant a reduction of 19% of our workforce, ie over 100 people and 74 FTE, resulting in a severe impact on our staff, students, community, the morale around campus and our internal and external reputation.

Despite these measures we are still in a position where we have a deficit budget for 2024/25 with further deficits forecast in the following two years. This is primarily due to reduced student numbers, phasing and cost of voluntary severances as well as imposed requirements such as national pay awards and increase in employers' national insurance and pension contributions, and inflation.

The Board seeks direction from the SFC and has identified the following options to consider:

- Instruct that we make compulsory redundancies to balance the budget*
- Don't instruct compulsory redundancies but lend more to cover the deficits*
- Instruct that we make a lower level of compulsory redundancies and lend a lower amount to cover the deficits*
- Reduce the top-slice to the Executive Office of UHI*
- Other options?*

The Board and the SLT are clear that they are strongly against making compulsory redundancies. To remove this level of staff, on top of the cuts that have already been made, would have a catastrophic impact on the students that UHI Perth serves and our staff working within it as well as the wider community and our reputation, which in turn affects our ability to attract student numbers in a competitive market.

Board Member queried whether there are any direct communications with SFC to ensure they have visibility on the issues. Depute Principal (Operations) noted that regular meetings were taking place with the UHI EO finance leadership so they are aware of the key issues, and these are being represented to SFC.

Board Member queried why the budget, while showing a reduction in staff numbers, didn't show a correlating reduction in items such as international travel, legal and administration costs. It would be useful for Board to understand what comes under finance costs, too. Director of Finance advised that International constituted most of the travel budget and work on profitability includes international business and a final report on this was expected soon.

Student Board Member queried, assuming that the UHI OBC is adopted, what options would be available to start realising savings, noting the failure of the Finance/HR shared service initiative. Chair UHI Court advised that the next iteration of the OBC proposals, due

	<p>to be issued to AP Boards by the end of the week, would include some options around “no regret” measures at the earliest opportunity, and the promised Service Catalogue of services provided by EO was on the verge of being published. Principal noted that a draft version of the Catalogue has been seen, and it is comprehensive and detailed, however does not include how APs provide services for other APs, therefore a mapping exercise to capture this is required.</p> <p>Chair noted the importance of the approved budget focusing on a controllable Recovery Plan with steps to be taken to alert those in control of levers. Student Board Member expressed discomfort at agreeing a deficit budget without sight of a Recovery Plan. Depute Principal (Operations) advised that this happens in other places, and SFC will want to see a Recovery Plan as part of their oversight processes. Student Board Member stated that the problem wasn’t Year 1, it was Years 2 and 3. Chair noted that, while it wasn’t clear how the Recovery Plan would show the college coming out of the current situation, this is not a reason not to approve the budget as tabled. Much needs to change across the country but Board can only control what it can and let others look at broader issues.</p> <p>Board Member queried options available if it was not felt the budget was able to be approved. Depute Principal (Operations) advise the college would be in the same position as last year with regards to ongoing income being generated and costs being incurred, but there would be no markers for managers to determine whether things were on track or not, and for SLT to hold managers to account.</p> <p>Student Board Member queried when the Recovery Plan would be available. Principal stated this would be delivered mid-February. Board Member queried whether the Recovery Plan would include responses to queries around the top-slice. Chair UHI Court advised that all APs are looking at Recovery Plans and APs would need to look at which elements of the OBC can be adopted to help achieve these. Depute Principal (Academic) expressed concern that this approach could be seen to be manipulative, ie sign up to OBC or not receive support to assist in Recovery Plans. Chair noted that the Recovery Plan should not be seen as contingent on opting into OBC.</p> <p>Chair suggested that the Recovery Plan should be added into the proposed statement tabled earlier in the meeting. This approach was AGREED.</p> <p>Depute Principal (Operations) sought clarification on approach to the £100k management fee relating to AST. Chair expressed a preference for a similar approach to be adopted to the college’s advance from SFC, ie AST to pay back when it is able to do so. Board discussed some options available and their impact on the proposed budget, before Board Member suggested that EO be</p>	
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	<p>asked to approach SFC for a definitive answer and then come back to Board to consider ramifications and options. This approach was AGREED.</p> <p>Chair returned to the substantive element of Paper 2. Board APPROVED the recommended deficit budget for 2024/35, AGREED that a revised wording around the proposed statement tabled earlier in the meeting be taken forward by the Chair, and further AGREED that a SLT produce a Recovery Plan for Board scrutiny in mid-February.</p>	<p>SLT/Chair</p> <p>Chair</p> <p>SLT</p>
6.2	<p>Internal Audit Annual Report 2023-24</p> <p>Chair of Audit Committee presented Paper 3 for formal approval, noting that the Internal Audit Annual Report for 2023-24 had received robust scrutiny at the Audit Committee meeting of 11 December 2024.</p> <p>Paper 3 was NOTED & APPROVED by the Board.</p>	
7.1	<p>Chair's Report</p> <p>Chair advised that all issues that form the Chair's Report had been covered within Item 6.1.</p>	
7.2	<p>Principal's Report</p> <p>Principal tabled Paper 4, noting that substantive issues had been covered within Item 6.1.</p> <p>Paper 4 was NOTED by the Board.</p>	
7.3	<p>HISA Perth Report</p> <p>Student Board Member summarised Paper 5, highlighting the positive levels of engagement with UHI Perth management at recent Student Voice Rep meetings.</p> <p>Paper 5 was NOTED by the Board.</p>	
8.1	<p>UHI Perth Management Accounts to 31 October 2024</p> <p>Director of Finance presented Paper 6 for information, noting that more accurate detail and a wider narrative is expected to be available from Period 6 onwards.</p> <p>Board NOTED Paper 6.</p>	

8.2	<p>Update on External Audit for Year to 31 July 2024</p> <p>Depute Principal (Operations) presented Paper 7 for information, noting that the timetable for completion outlined in the Paper was still on track.</p> <p>Board NOTED Paper 7.</p>	
8.3	<p>Update on Finance Resourcing</p> <p>Principal presented Paper 8 for information, on behalf of the Director of HR, and in response to a request from Chairs Committee.</p> <p>Chair expressed concern that the report identified that the role of Assistant Business Finance Partner was “hoped” to be filled by March, as Chairs Committee were looking for greater certainty. Chair reaffirmed that Chairs Committee were clear that lack of resources should not be used as a justification for failure to deliver on targets moving forward.</p>	
9.1	<p>Balanced Scorecard</p> <p>Depute Principal (Operations) presented Paper 9 for information, noting that an in-depth session on the Balanced Scorecard was tabled for the Board Development Session in Board Cycle 3.</p> <p>Board NOTED Paper 9.</p>	
10.1	<p>UHI Perth Board of Management External Effectiveness Review – Development Plan</p> <p>Clerk presented Paper 10 for approval, noting that the Paper represented an amalgamation of plans arising from the recent Board External Effectiveness Review and feedback received during Annual Board Review meetings. Progress against the Plan would be monitored via future Board meetings.</p> <p>Paper 10 was APPROVED by Board.</p>	
11.	<p>Standing Committee Summaries</p> <p>Board received summaries from the Chairs of each Standing Committee and NOTED the following minutes:</p> <ul style="list-style-type: none"> • Strategic Development Committee – 12 November 2024 • Learner Experience Committee – 20 November 2024 • AST Board – 27 November 2024 	

	<ul style="list-style-type: none"> • Chairs Committee – 28 November 2024 • Finance & Resources Committee – 05 December 2024 • Audit Committee – 11 December 2024 	
12.	<p>Date & Time of Next Meeting</p> <ul style="list-style-type: none"> • Tuesday 11 March 2025, 5:00pm <p>Chair noted that Extraordinary Meetings will be required to formally approve the UHI Perth Financial Statements and External Audit Report for 2023-24 at a date tbc, and to discuss the UHI Outline Business Case following the briefing from UHI in January 2025.</p>	
13.	<p>Review of Meeting</p> <p>Board confirmed that the meeting had been conducted in line with the 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 ☒

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** ☒