

Extraordinary Meeting of the Board of Management

Minutes

Meeting reference: Board 2024-25/03/EM02

Date and time: Thursday 06 March 2025 at 5.00pm

Location: ASW Room 961

Members present: Graham Watson, Chair, Board of Management
Mary Fraser, Board Member
Jenny Hamilton, Board Member
Jenni Harrison, Board Member (until Item 7)
Deirdre Joy, Board Member
Chris Lusk, Board Member
Elaine Piggott, Board Member
Ian Robotham, Board Member
Derek Waugh, Board Member
Chris Whatley, Board Member
Alistair Wylie, Board Member
Margaret Cook, Principal & Chief Executive
Richard Fyfe, Staff Board Member
Patrick O'Donnell, Staff Board Member
Andi Garrity, Student Board Member
Xander McDade, Student Board Member (until Item 7)
Ronnie Dewar, Trade Union Board Member

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

Apologies: Debbie McIlwraith-Cameron, Board Member
Winston Flynn, Trade Union Board Member

Chair: **Graham Watson**
Minute Taker: Ian McCartney
Quorum: 10

MINUTES

Item		Action
1.	Welcome and Apologies Chair welcomed all to the meeting and noted apologies.	
2.	Additions to the Agenda There were no additions to the Agenda.	
3.	Declaration of Interest in any Agenda Item Chair noted the interests of AST Directors who were also members of the Board of Management, per Item 6.	
4. & 5.	UHI Perth Group Report & Financial Statements for the Year Ended 31 July 2024 & External Audit Annual Report 2023-24 Chair noted the Extraordinary Meeting of Finance & Resources and Audit Committee that had take place on which had endorsed the Group Report & Statements and External Audit Annual Report for approval by Board, subject to some textual minor corrections and those actions noted within the Audit Report. Chair advised that the Letter of Representation followed a standard format and confirmed that SLT had provided all relevant information as part of the process and therefore there was no reason not to approve the accounts. Board APPROVED the Group Report & Statements and External Audit Annual Report for the period to 31 July 2024. Chair acknowledged the efforts of the UHI Perth Finance Team and Deloitte for their efforts and for ensuring a smoother process than the previous year.	
6.	AST Letter Chair commenced discussion of this item by noting the interests of AST Directors who were also members of the Board of Management, and stepped aside to allow the Vice Chair to chair this item. Vice Chair noted Paper 3 and sought Board's views on the proposals re deferment of AST Management Fee per terms indicated. Board Member sought clarity on SLT's views on the matter. Depute	

	<p>Principal (Operations) noted that SLT's position was always to put the charity first.</p> <p>Board Member queried the consequences of not approving the proposal. Depute Principal (Operations) advised that legally both parties have to put the charity first, however the risk of not providing deferment is to AST's status as a Going Concern. AST Chair further advised that the AST Annual Accounts cannot be signed off without the deferment.</p> <p>Board Member requested further clarification of this course of action for the college. Depute Principal (Academic) advised that an element of the BSc course relates to achievement of a CAA license, and is delivered by AST who hold the CAA approval; without AST, this element cannot be delivered, and this is a major selling point for students choosing UHI over other providers, therefore continuity and reputational risk would need to be considered.</p> <p>Board Member expressed concern about being asked to approve a deferment of income for the college without additional financial information being provided as the college is effectively being asked for a loan.</p> <p>Board Member noted that there have been a number of updates provided to the Board over the last few months around AST's financial position, and suggested that the situation is different to a bank loan due to the associated risks of not granting the funding on current and future students.</p> <p>Depute Principal (Operations) confirmed that there were currently 25-30 HE students likely to be moving from on year to another on the BSc course. There has been brief analysis around alternative provision, however the main impact would be on those students currently in years 2 and 3 of the course.</p> <p>Board Member queried whether there would be potential for legal claims if Part 66 is not delivered. Depute Principal (Operations) confirmed that this would be a likely risk.</p> <p>Board Member queried what AST Directors can be asked within this discussion. Clerk clarified that there were no issues in AST Directors being asked to clarify positions to the UHI Perth Board, however there would have to be consideration around conflicts at the point of decisions being made.</p> <p>AST Chair noted that legal advice had been sought which noted that UHI Perth was in effect a Shadow Director of AST, however UHI Perth cannot use its own funds to provide investment in AST due to its charitable status. The business was attractive on a macro level but is experiencing cashflow issues which places the business in a very delicate position as rejecting the proposal would mean the business</p>	
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	<p>not being able to be considered a Going Concern in terms of signing the annual accounts, which will in turn undermine AST's commercial position.</p> <p>Vice Chair noted that the cashflow issue was due to materialise in July/August 2025, but there didn't appear to be a Recovery Plan in place. It would be useful for AST to provide more information including an assessment of the risks to the college around the deferment. Board Member supported this request, noting that Board need to consider wider optics around exposing College to further financial challenges.</p> <p>AST Chair noted that AST Board have requested a Recovery Plan for AST by the next AST Board meeting, and added that there is little long-term prospect for AST under current ownership restrictions, however these kinds of options haven't as yet been explored. Board Member queried, given previous knowledge of financial issues in AST, why alternative options hadn't been explored. AST Chair advised there had been no reason to expect this level of priority as recently as 3 months ago.</p> <p>Board Member noted that AST was a trading subsidiary not an independent supplier, therefore Board should allow a degree of leniency to AST to explore options. Vice Chair noted that, while there is sympathy around AST's needs, there is a timing issue at play linked to the lack of a Recovery Plan. Student Board Member queried whether referring the matter to the April Board meeting to allow proposals to be drawn up would allow Board to be provided with more detail.</p> <p>AST Chair reminded Board that AST was a subsidiary company 100%-owned by the College with AST Directors appointed from UHI Perth Board, and that this should provide the level of trust required to support the proposal. Board Member replied that there is a need to understand options and this information isn't present, and that Board require reassurance from SLT that this information can be provided.</p> <p>Vice Chair queried what difference would arise from the decision being made on 2nd April rather than at this meeting, unless the situation is more serious than is being conveyed. AST Chair advised that without the deferment, AST would be unlikely to ever get to a position to be sellable.</p> <p>Board Member noted that the immediate consequences would be on students, and this is a risk that Board should reflect on given the relatively minor amount being discussed.</p> <p>AST Chair noted that the letter would not have been written to Board if AST Directors didn't feel this course of action wasn't in the best interests of the single shareholder. Vice Chair noted that UHI Perth Board also have responsibilities.</p>	
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	<p>Board Member noted that UHI Perth Board had discharged its responsibilities in this area by appoint AST Directors from the membership of the Board, therefore UHI Perth Board should trust the AST Directors on this issue. Board Member further noted that the predominant role of UHI Perth Board is to act on behalf of the charity, therefore everything possible should be done to protect the charity's investments and a forced closure of AST would result in no money back and should be actively avoided.</p> <p>There being no consensus among Board Members, Vice Chair moved the matter to a vote, with AST Directors not able to take part in the vote due to a conflict of interest.</p> <p>Following a vote by show of hands, the proposal as outlined in Paper 3 was rejected by 8 votes to 5.</p> <p>AST Chair noted that an Emergency Meeting of AST Board would require to be held to consider the decision.</p>	
7.	<p>UHI Perth Recovery Plan</p> <p>Chair of Board reassumed chairing duties.</p> <p>Chair provided context around Paper 4, noting previous agreement to reach a break-even position, and noting that, while in principle a full paper would have been preferred, due to sensitivity of some of the issues raised it was felt that a presentation was the correct approach at this time.</p> <p>Principal presented a high-level Recovery Plan, expressing hope that this would lead to discussion around issues and options highlighted.</p> <p>Principal noted the ongoing deficit position and the projected deficits within previous FFRs, and provided an outline of student numbers. Principal further noted that a UHI Service Catalogue had been provided, but this was scheduled for review by the Shared Services Group prior to local usage.</p> <p>Principal stressed the importance of the curriculum and the requirement for a high-quality learning environment in order to recruit students, however these require investment, which seemed unlikely to be immediately forthcoming.</p> <p>Principal noted that different Academic Partners within UHI have different priorities, and these may not always be aligned with what UHI Perth wants.</p> <p>Principal then explored options available around income and savings, including those linked to the UHI Transitions process and those under UHI Perth's control.</p>	

	<p>Board Member queried whether SFC assistance would be provided to support costs for local processes in order to generate savings, and suggested that these be considered operational costs as previously advised to SFC. Principal noted that SFC are looking at options to invest and save – details are expected to follow on what that may mean for UHI and UHI Perth.</p> <p>Principal noted that there was no real expectation around a reduction in top-slice but there is a need to keep pressure on EO, and by extension SFC, to ensure value for money.</p> <p>Chair noted that, while the presentation provided a good starting point, there was a lack of the type of transformational change that would make an impact on 3 years of successive deficits. Chair agreed that UHI would not wish to alter the top-slice, and noted that SFC will want to see bigger wins. Chair further noted that stopping delivery of HE would result in a reduction of top-slice, therefore there is a need to see the implications and benefits of this option as the other options appear to merely tinker around the edges.</p> <p>Board Member suggested that other options around stopping HE delivery need to be presented, eg TUPE transfers and access models for services.</p> <p>Principal agreed to model the options discussed, including the staff costs associated with a different model of delivery as a large proportion of teaching staff teach both FE and HE.</p> <p>Principal noted that UHI Perth staff would be emailed tomorrow around the UHI Transition process and that an all-staff meeting will be delivered by UHI. Chair also noted the involvement of Board Members from UHI Perth in the UHI Transition process. Depute Principal (Operations) advised that the consultants appointed by UHI around the Full Business Case had withdrawn therefore timescales for the project will need to be amended.</p>	
8.	<p>Date & Time of Next Meeting</p> <ul style="list-style-type: none"> Wednesday 02 April 2025, 5:00pm 	
9.	<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 – Closed until formal approval of UHI Full Business Case ☒

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** ☒