

# Finance & Resources Committee

## Minutes

**Meeting reference:** F&R2022-23/01

**Date:** Wednesday 05 October 2022 at 5.00pm

**Location:** Boardroom (Braham Room 019)

**Members present:** Katrina Hodgson, Chair  
Michael Buchanan, Board Member  
Andrew Comrie, Board Member  
Heather Cormack, Board Member  
Graham Watson, Interim Chair, Board of Management  
Margaret Cook, Principal  
Todor Pavlov-Kennedy, Student Board Member

**In attendance:** Lorenz Cairns, Depute Principal  
Veronica Lynch, Vice Principal (External)  
Iain Wishart, Vice Principal (Operations)  
Katy Lees, Head of HR & Organisational Development  
Ian McCartney, Clerk to the Board

**Apologies:** John Dare, Staff Board Member  
Kevin Lynch, Head of Estates

**Chair:** **Katrina Hodgson**

**Minute Taker:** Ian McCartney

**Quorum:** 4

## MINUTES

Item		Action
1.	<p><b>Welcome and Apologies</b></p> <p>Chair welcomed everyone to the meeting and noted apologies.</p>	
2.	<p><b>Additions to the Agenda</b></p> <p>None</p>	
3.	<p><b>Declaration of Conflict of Interest in any Agenda Item</b></p> <p>Chair, Board of Management noted a professional interest in Item 6.2.</p>	
4.	<p><b>Minutes of Meeting of Finance &amp; Resources Committee, 14 March 2022</b></p> <p>The minutes were approved as a true and accurate record of the meeting.</p>	
5.	<p><b>Matters Arising from previous minutes: 14 March 2022</b></p> <p><b><u>9 – HR Update</u></b></p> <p><b>Action:</b> Principal to liaise with Clerk re determining best route for reporting changes to TQFE</p> <p><b>Action Update:</b> Covered within Paper 8 – complete.</p> <p><b>Matters Arising from previous minutes: 24 May 2022</b></p> <p><b><u>6.1 – Update on Perth College Strategic Plan</u></b></p> <p>All actions from meeting of 24 May 2022 related to the Strategic Plan have been amalgamated with other Committee inputs into a final version which was subsequently approved by the Board of Management in June.</p>	
6.1	<p><b>Delivering The College Strategy</b></p> <p>Depute Principal introduced Paper 2, noting that the template would be rolled out to managers with a view to setting Year 1 targets within the next few weeks. Phase 2 will involve CMT managing the process and reporting progress, with Board being informed via the Balanced Scorecard, in line with the bottom-up approach taken to set the Strategy. SMT will be running a workshop to take managers through the process.</p>	

	<p>Chair queried whether each team will be expected to complete each area. Depute Principal advised that each team leader will be empowered to populate according to their team's ability to implement, and SMT will then scrutinise their areas of the document to ensure all KPIs are addressed, however it is hoped that this will be addressed during initial discussions.</p> <p>Board Member queried what would happen regarding clustering around specific KPIs and potential for silos. Depute Principal noted that clustering was in effect the litmus test of the Strategy as stakeholders had a significant input into the document therefore managers shouldn't feel that they can't contribute across the piece. Vice Principal (Operations) advised that the planned workshop will have populated examples to reduce risk of misunderstanding.</p> <p>Interim Chair sought clarification on how the Board would be involved in monitoring. Depute Principal advised that the annual planning process this academic year will be preceded by meetings between SMT and CMT in January, with a view to informing Board of agreed targets in Cycle 3, after which there will be a more consistent reporting mechanism to Board to allow for levers to be pulled if required within budget and planning processes.</p> <p>Committee <b>noted</b> Paper 2.</p>	
<p><b>6.2</b></p>	<p><b>Estates Strategy &amp; Aviation Academy for Scotland Update</b></p> <p>Depute Principal outlined initial proposal detailed in Paper 3, noting that Perth &amp; Kinross Council had resurrected the concept of a school building within the College footprint prior to a refreshed bid being submitted. It was proposed to take this initiative with a view to the bid proceeding, however there was a need to be mindful of the potential impact on the concurrent Aviation Academy for Scotland bid.</p> <p>Vice Principal (External) noted that the latest iteration of the AAS bid involved £6m of funding for workshops and labs (as opposed to a standalone "academy" building), meaning that AST would still require hangar space at Scone. It was felt that it would be a better position across the board to undertake the PKC masterplan with AAS absorbed into this bid, inclusive of the £6m investment.</p> <p>Vice Principal (External) wanted to appraise Committee of latest developments as expectations around AAS have to be managed; whilst AAS is sympathetic around the flexibility re investment, the proposal does have a knock-on effect with regard to draw-down timetables.</p> <p>Board Member agreed that the proposal makes strategic sense, however queried the extent to which AAS will be inhibited by the</p>	

	<p>delay as the masterplan process may take years. Vice Principal (External) advised that all parties were aware of the risks, but also the need to capitalise on the opportunity presented, and that a small window exists before any investment is committed to. Vice Principal (External) noted that AST has lease for hangar and workshops at Scone due for renegotiation by 2024, so are looking to enter into discussions around extending lease.</p> <p>Board Member queried the size of the campus footprint owned by the Council and whether this would be enough for the schools element of the proposal. Depute Principal advised that there is a total of 32 acres on the campus site, but PKC's share is not enough for their needs. The option of selling or leasing land to PKC has not been discussed within the project as yet.</p> <p>Board Member queried whether AST buildings could be phased early in development. This matter would be discussed with architects, and would be subject to location and timings.</p> <p>Chair enquired as to potential financial benefit to the College, similar to that achieved by Fife College/Woodmill High School. Principal advised that, while this is possible, the current site is very challenging and funding options are still unclear. Principal indicated that UHI were supportive of the approach being proposed.</p> <p>Board Member queried whether Scottish Futures Trust funding will be sought. This was confirmed, however Principal clarified that College can't access SFT money, however UHI can.</p> <p>Board Member noted that, given the current push to Net Zero, it was possible to refurbish or remodel existing buildings, rather than rebuild, due to embedded carbon. Principal advised that this issue had already been discussed with the College's architects. Interim Chair noted that refurbishment rather than new build was a strong recommendation of the recent Scottish Government for Infrastructure Commission for Scotland report.</p> <p>Committee <b>ENDORSED</b> the alignment of the Estates Strategy with continuing discussions with PKC, and the inclusion of the AAS development options within Masterplan discussions.</p>	
7.1	<p><b>Perth College Financial Update: Year to 31 July 2022</b></p> <p>Vice Principal (Operations) presented Paper 4, noting that, despite the £1m clawback noted previously, College was only £300k down on income due to a number of items being ahead of budget.</p> <p>Vice Principal (Operations) clarified that clawback is retained by UHI and, if SFC do not demand these funds be returned, it is UHI who will decide what to do with it. Academic Partners may be able to bid for funds that are yet to be determined.</p>	

	<p>Vice Principal (Operations) advised that the MicroRAM, which was expected to run to £300k, was this year £140k, and further advised that Staff costs were £1m better than budgeted, mainly due to fewer backfills being required as a result of a drop in student numbers. With non-staff costs broadly on budget, the College was likely to report an overall surplus of around £500k.</p> <p>Interim Chair queried staff/non-staff cost ratio compared to other Colleges. Vice Principal (Operations) advised that Perth Colleges staff costs were higher than average. Board Member queried how other Colleges manage a lower rate; Vice Principal (Operations) advised that other Colleges have a greater number of students or better flexibility around delivery methods.</p> <p>Committee <b>noted</b> Paper 4.</p>	
<p><b>7.2</b></p>	<p><b>Perth College Financial Outlook</b></p> <p>Vice Principal (Operations) presented Paper 5, advising this was a precursor to the FFR scheduled to be issued to SFC, and noting that the picture being painted was bleak whichever assumption was followed.</p> <p>Vice Principal (Operations) detailed the scenario-panning aspects around reduction in student numbers and the impacts of various shortfalls, advising that a reduction of 350 students was broadly equivalent to a shortfall of £1.5m.</p> <p>Vice Principal (Operations) outlined options that may be required, including lobbying for SFC funding regime change, a serious rationalisation of cost areas and a diversification of offers. Vice Principal (Operations) advised that it looks likely that all the above scenarios would need addressed in parallel.</p> <p>Board Member noted that commercial operations need to be running at a surplus and need to be making a higher level of overhead contributions than other departments, as the public purse is not going to grow.</p> <p>Vice Principal (External) noted that a growth in international business is possible, eg in US and Asia, however these need to be undertaken in conjunction with UHI and this takes time to put in place.</p> <p>Committee <b>APPROVED</b> the proposals outlined in Paper 5, however it was suggested that there be a prioritisation of potential interventions going forward.</p>	
<p><b>8.1</b></p>	<p><b>AST Budget 2022/23</b></p>	

	<p>Vice Principal (Operations) presented Paper 6, which provided an oversight to developments within the AST Budget over the summer. Vice Principal (Operations) noted that this matter had been discussed in detail at 2 AST Boards.</p> <p>Interim Chair advised that there had been a perfect storm in terms of changes to key contracts however the AST management team had mitigated these issues and was looking at additional resource avenues.</p> <p>Chair noted membership of AST Board, and noted that, while this budget was problematic, the focus is very much on the medium- to long-term.</p> <p>Committee <b>ENDORSED</b> Paper 6, which would be passed to Board for full approval.</p>	
<b>9.1</b>	<p><b>Estates Update</b></p> <p>Depute Principal presented Paper 7 for information.</p> <p>Committee <b>noted</b> Paper 7</p>	
<b>10.1</b>	<p><b>HR Update</b></p> <p>Head of HR &amp; Organisational Development presented Paper 8 for information.</p> <p>Board Member noted that it would be useful to have a split of full-time versus part-time numbers regarding Mandatory Training.</p> <p>In response to a query about Board Mandatory Training, Head of HR agreed to liaise with Clerk to issue the current requirements to Board Members.</p> <p>The HR Update was <b>noted</b>.</p>	Head of HR/Clerk
<b>11.</b>	<p><b>Committee Minutes</b></p> <p>The following Committee Minutes were <b>noted</b>:</p> <ul style="list-style-type: none"> <li>• EDIT Committee, 16 June 2022</li> <li>• JNC Support Staff, 02 June 2022</li> <li>• JNC Lecturing Staff, 13 June 2022</li> <li>• Staff Engagement Committee, 13 June 2022</li> </ul>	
<b>12.</b>	<p><b>Date &amp; Time of Next Meeting</b></p> <ul style="list-style-type: none"> <li>• <b>Monday 12 December 2022 @ 5:00pm</b></li> </ul>	

	Clerk noted that this meeting would include a joint meeting with Audit Committee.	
13.	<b>Review of Meeting</b>  Committee confirmed that the meeting had been conducted in line with its Terms of Reference.	

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

**Status of Minutes – Open  (Except Item 6.2)**

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 2018?      **Yes**       **No**