

Finance & Resources Committee

Minutes

Meeting reference: F&R2023-24/01

Date: Thursday 28 September 2023 at

Location: 5.00pm Boardroom (Braham Room 019)

Members present: Andrew Comrie, Interim Chair
Graham Watson, Board Member
Michael Buchanan, Board Member
Margaret Cook, Principal
Rebecca Bond, Student Board Member
Jenni Harrison, Board Member

In attendance: Lorenz Cairns, Depute Principal
Veronica Lynch, Vice Principal (External)
Catherine Etri, Vice Principal (Academic)
Iain Wishart, Vice Principal (Operations)
Isobel Syme, PA to Principal
Katy Lees, Head of HR

Apologies: N/A

Chair: **Andrew Comrie**

Minute Taker: Isobel Syme

Quorum: 4

MINUTES

Item		Action
1.	<p>Welcome and Apologies</p> <p>Chair for this meeting welcomed everyone to the meeting.</p>	
2.	<p>Additions to the Agenda</p> <p>N/A</p>	
3.	<p>Declaration of Conflict of Interest in any Agenda Item</p> <p>None</p>	
4.	<p>Minutes of Meeting of Finance & Resources Committee, 22 May 2023</p> <p>The minutes were approved as a true and accurate record of the meeting.</p>	
5.	<p>Matters Arising from previous minutes: 22 May 2023</p> <p>8.1 HR Update – ASOS is still a live issue.</p> <p>10.1 – Risk Register - this has now been progressed.</p> <p>10.1 – Risk Appetite – will come to the full Board meeting in October.</p> <p>10.5 – KPIs – being taken forward. Important to keep this in focus.</p>	Clerk
6	<p>Strategy</p>	
6.1	<p>Financial Sustainability</p> <p>Principal updated the committee on the vision going forward. We will be a smaller institution, simpler and more streamlined.</p> <p>Communications will be going out tomorrow to all staff and Trade Unions.</p> <p>Open staff meetings are scheduled on a weekly basis. We will continue to try to use voluntary severance as a way of making the savings needed and we will open up voluntary severance again in November. Savings made will be over a longer period of time.</p> <p>Board member noted the need to turn the corner over the next year and deal with the gap between what has already been saved and what might still need to be saved.</p>	

	<p>Board member queried the morale and motivation of staff at this time and how voluntary severance is being perceived.</p> <p>Principal explained that the Scottish government continues to say there is no more money available for pay awards, however there may be potential for a 3-year deal which would still need government support.</p>	
7	Financial Performance & Budgets	
7.1	<p>Perth College Financial Update: Year to 31 July 2023</p> <p>Vice Principal Operations covered the key points in the Management Book which were:</p> <ol style="list-style-type: none"> 1. The AOP (cash approximation) was a loss of £(1.1)M. This was better than the expected loss of around £(2.4)M. The expected loss had been helped by EO releasing ESIF funding, to UHI Perth, related to prior years of £1.1M and better than expected profit from AST. 2. As our AOP in the Management is attempting to reflect the cash position it excludes an accrual for exceptional costs related to voluntary severance as this won't be a cash payment until 23/24 and do not represent operating expenses. However, the VS costs will be part of the accounting AOP for 22/23. 3. ASW and the Nursery are still making losses. 4. The national bargaining outcome for 22/23 has been estimated and included in the numbers at around 6% = £1M. 5. UHI Perth closed the year with £1.5M of cash but as noted above we have not yet paid the estimated £1M of national bargaining for 22/23. 6. Now that we are in a new financial cycle we can draw down cash from the SFC. However, (based on current assumption) UHI Perth could still run out of cash by the end of the academic year, if not before, as reorganisation savings to date are not enough to fund UHI Perth through 23/24. A key assumption is that the 22/23 and 23/24 are all paid in 23/24. 7. The VPO reminded the Board that the fall in UHI Perth HE numbers had resulted in a significant fall in our funding level in the last few years. <p>The VOP opened the floor for questions on the management book or any of the comments above.</p> <p>Board member queried the losses in ASW and Nursery.</p> <p>Vice Principal Operation explained that we are capped within a commercial market. Staff costs in the public sector are higher than</p>	

	<p>the private sector. The Nursery have increased prices by 30 – 36% which should allow them to break even in 24/25 and 25/26. ASW are considering a 25% increase which will help with income against costs.</p> <p>Board member queried numbers in the Nursery and the percentage of student’s children that attend.</p> <p>Principal explained that the Nursery hugely benefits the small amount of students who use this facility against running costs.</p> <p>Interim Chair queried the budget setting in academic areas with regard to how realistic this is.</p> <p>Principal responded informing that the proportion of staff costs are significantly higher in UHI than other HE organisations.</p> <p>Vice Principal Operations noted that profitability by course level is being worked on and this work is ongoing.</p> <p>UHI HE levels are reducing overall, however Perth met FE targets and will hopefully make our revised targets overall. Perth has increased their HE provision compared to last year and there should be recognition of the hard work that has gone into this.</p> <p>Degrees and post graduate provision discussed with regard to potential development.</p> <p>Vice Principal Academic noted that there is very clear changes in trends. Our core curriculum is HNCs and HNDs. SDDs and Vice Principal Operations will continue to look at developments and what might need to be stopped.</p> <p>Depute Principal noted that many colleges within the partnership are unviable re HE. Vision is lacking at EO level.</p> <p>Principal further added that collectively two thirds of UHI provision is FE. The curriculum review did not make the level of change that is needed. This continues to be a challenging environment.</p>	
<p>7.2</p>	<p>UHI Financial Outlook</p> <p>International growth projections – Vice Principal External highlighted key areas of the presentation to the committee.</p> <p>Working on the strategy development 23/24 to 27/28. These are UHI Perth projections, however we are working with UHI colleagues. TNE provision as well as on-campus provision and a pipeline of opportunities are being developed. Looking at current provision and projections as well as emerging markets. A more streamlined admissions process is also being worked on. Student</p>	

accommodation is an issue – we need to look at this. International is an area that we will be requesting investment in going forward - 150 to 250K.

Board Member queried the number of students on campus against remote delivery and these assumptions with regard to long term capital investment.

Vice Principal External explained that there are courses on-line - mainly master programmes. Courses such as Aircraft Engineering will be mainly face to face. Assumptions made are mainly face to face. Perth will be working on the building of the international partnerships.

Interim Chair noted that it may be helpful to have a joint meeting to further discuss this and that financial modelling may be helpful with regard to how the monies are split across UHI and Perth.

Vice Principal External explained that AST projections are not included in these figures and that financial modelling is still being worked on.

New courses and new countries, including high risk countries discussed. High risk countries are from a UKVI perspective where it is harder to get visas.

Vice Principal Operations presented the Latest Forecast modelling highlighting key areas.

1. Based on current reorganisation saving levels, and the assumptions contained in the model, it looks like it will take two years to move to a position of having 1 month of cash by the end of 25/26 and the UHI Perth will need cash support from EO sometime during 23/24.
2. It is recommended that the savings required in 24/25 need to be worked out in 23/24 and be in place by 1 August 2024.
3. The staff cost savings achieved for 23/24 were shown by month and it was indicated that savings were phased depending on when staff would leave the college. It was also noted that all savings were from VS, positions not backfilled in 22/23 or a reduction in temporary staff requirements from efficiencies.
4. The staff cost savings noted at 3 above amount to £1.8M in 23/24. The full year value of these savings i.e. unphased is £2.3M. This full amount of saving would be seen in 24/25 and beyond.
5. The model also includes an assumed non-staff saving of £587K. This is related to campus restructure and catering savings.
6. The VPO also noted that the model shows that despite opening 23/24 with £1.5M of cash that we are likely to end 23/24 (using the assumptions in the model) at a cash

	<p>overdrawn position of £(1.7)M. Key assumption are that UHI Perth makes an operating cash loss of £(1.3)M, we still have to pay the national bargaining outcome for 22/23 in 23/24 and that we have to fund the cost of VS.</p> <p>7. The various assumptions in the model were shown and it was noted that the staff cost increases were based on the current offer from the sector.</p> <p>The VOP opened the discussion on the forecast to the wider Board.</p> <p>Board member noted that this is a sector wide issue.</p> <p>Board member agreed, however reiterated that we need to look at the financial sustainability of the College.</p> <p>Principal highlighted that this is being discussed with various people including local MPs/MSP, government ministers, etc. Lots of work going on. This is happening across the sector.</p> <p>Clawback discussed with regard to UHI. Currently 2 million sitting at EO – this may be going back to the Scottish Funding Council.</p> <p>Principal explained that every other college has been paid for their delivery and there will be no clawback for them. However UHI has been treated differently.</p> <p>Board member queried whether a surplus could be built up in the future to help this situation.</p> <p>Principal explained that we cannot retain surpluses and that they have to be moved to an ALF.</p>	
8	AST	
8.1	<p>AST Budget & Business Plan 2023/24</p> <p>Vice Principal External spoke to the paper, which provides an update to the paper of May 2023, highlighting key areas to the committee.</p> <p>Board member noted that AST management have done a really good job and highlighted some specific areas including income achievement and growth in delivery.</p> <p>Depute Principal raised the issue of investment in this area against what is happening in other areas within the College and this was discussed with committee members.</p> <p>Principal provided information relating to AST profits and Gift Aid which has been used in the past to help the College. The Board</p>	

	<p>agreed 2 years ago to allow AST to keep their profits.</p> <p>Board member agreed that a strategic decision was made to invest in AST and this was agreed by the Board.</p> <p>It was AGREED that AST will continue to invest their profits, however this will be kept under review.</p> <p>The paper was AGREED.</p>	
9	Estates	
9.1	<p>Estates Update</p> <p>Depute Principal talked to the paper provided. The paper was NOTED.</p> <p>Principal provided a summary of discussions that took place with P&KC this week regarding possible campus developments. Discussions are on-going.</p> <p>Board member queried where we are with the work undertaken by Faithfull and Gould.</p> <p>Depute Principal explained that this is currently paused.</p> <p>Interim Chair noted that a paper on Estates and Sustainability would be helpful at the next meeting.</p>	Clerk
10	Human Resources	
10.1	<p>HR Update</p> <p>Head of HR provided information on additional items to the paper:</p> <ul style="list-style-type: none"> • AST – now on UKVI licence. • HR system – APUC framework – end of November/December. • EO strikes – this may impact on Perth • Stress Management Survey – this will be held in January 2024. <p>The paper was NOTED.</p>	
11	<p>Committee Meetings</p> <p>The following Committee Minutes were NOTED:</p> <ul style="list-style-type: none"> • EDIT Committee – 21 June 2023 • Staff Engagement Group – 11 May 2023 	

12	AOB Audit timings may have to be moved due to the new provider and this might impact on the accounts being ready in time.	
13	Date and Time of Next Meeting Thursday 7 December 2023 at 5 pm	
14	Review of Meeting (Committee to check against the Terms of Reference to ensure all competent business has been covered)	

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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

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**