

## Finance & Resources Committee

### Minutes

**Meeting reference:** F&R2024-25/01

**Date:** Thursday 26 September 2024

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

**Members present:** Graham Watson, Chair  
Mary Fraser, Board Member  
Jenni Harrison, Board Member  
Chris Lusk, Board Member  
Elaine Piggot, Board Member  
Xander McDade, Student Board Member  
Margaret Cook, Principal

**In attendance:** Lorenz Cairns, Depute Principal (Academic)  
Katy Lees, Director of HR and Organisational Development  
Jill Martin, Director of ICT  
Gavin Stevenson, Director of Finance  
Gavin Whigham, Director of Estates  
Ian McCartney, Clerk to the Board

**Apologies:** Lynn Murray, Vice Principal (Operations)

**Chair:** **Graham Watson**

**Minute Taker:** Ian McCartney

**Quorum:** 4

UHI Perth is a registered Scottish charity, number SC021209

**We will act with integrity in everything we do**

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

## **MINUTES**

<b>Item</b>		<b>Action</b>
<b>1.</b>	<b>Welcome and Apologies</b>  Chair welcomed everyone to the meeting and noted apologies.	
<b>2.</b>	<b>Additions to the Agenda</b>  None.  Board Member requested that a list of acronyms commonly used in Finance & Resources papers be provided.	Clerk
<b>3.</b>	<b>Declaration of Conflict of Interest in any Agenda Item</b>  No conflicts were declared.	
<b>4.</b>	<b>Minutes of Meeting of Finance &amp; Resources Committee, 07 March 2024</b>  The minutes were approved as a true and accurate record of the meeting.	
<b>5.</b>	<b>Matters Arising from previous minutes</b>  Chair noted that items with Matters Arising were either concluded or included on the Agenda.	
<b>6.</b>	<b>Financial Sustainability Update</b>  Principal provided a verbal update on the Financial Sustainability project, noting that a significant number of staff departures had taken place, however there were still a number of individual targeted consultation exercises that were still to be finalised. Overall, the process remained on track for conclusion by the target timescale.  Principal further noted that a number of savings around non-staff costs are being looked at.  Principal advised that HE numbers were less than had been targeted, which was a position replicated across UHI. Work requires to be done collectively across the partnership to make UHI courses a more attractive proposition.  Board Member queried whether staff savings focus still remained VS. Principal responded that this was still the case, and authorisation would be required should alternative routes be required.	

7.1	<p><b>Perth College Financial Update: Year to 31 July 2024</b></p> <p>Director of Finance presented Paper 2 noting the final out-turn for the year of a deficit of £1.7m, which was slightly less than the Mid-Year Forecast had predicted.</p> <p>Director of Finance highlighted the AST deficit, noting that the AST Board were monitoring the situation via monthly reviews, and the deficit recorded in the Nursery.</p> <p>Director of Finance advised that there was not as much analysis within the paper as would have been preferred, due to resource issues in Finance, particularly given size of the deficit in Overheads. Director of Finance will be reviewing these figures and will provide analysis and commentary in due course.</p> <p>Chair queried when the external audit was planned for the 2023/24 accounts. Director of Finance advised that the External Auditors were due to start in mid-October and scheduled to be complete by end December.</p> <p>Student Board Member suggested that it would be useful to see a 3-year projection for AST. Chair agreed that a solution needed to be found, however AST's biggest challenge is that it is undercapitalised, and the loss of large customer has proved to be a major issue; the AST Board views the business as viable due to global demand, but the business needs time to refocus and AST Board is looking at ways in which change can be delivered. Principal noted that, as a public body, UHI Perth cannot subsidise AST as rules do not allow for this to happen.</p> <p>Chair requested an update regarding the current situation around pay awards. Director of Finance advised that the teaching staff back-pay was due to be paid in the October salary run, totalling around £1.6m. Chair queried whether progress had been made re UHI assistance to manage cashflow. Director of Finance confirmed that the UHI Director of Finance had seen the outline budget and discussions were ongoing. Principal advised that UHI EO were supportive of an additional drawdown in this matter, however the form and conditions need to be agreed.</p> <p>Committee <b>noted</b> Paper 2.</p>	Director of Finance
7.2	<p><b>UHI Perth Draft Budget 2024/25</b></p> <p>Director of Finance presented Paper 3, highlighting that the Budget for 2024/25 shows a deficit of £1.2m.</p> <p>Director of Finance advised that budget holders were still reviewing non-staff costs, and a timetable audit was being conducted at the moment to provide additional data, however the budget was based</p>	

on a shortfall of 260 FTE HE students and latest confirmed numbers had reduced this shortfall to 215 FTE which would reduce deficit by approx. £200k. Moreover, the Budget had not been adjusted for additional part-time students and those enrolling in the January intake.

Board Member noted that the recently agreed savings plans on Financial Sustainability were based on sustaining student numbers and what is presented in student numbers doesn't back this up. Director of Finance advised that the modelling was based on flat student numbers and the premise of the savings plan was that £2.2m could be achieved without impacting materially on student numbers.

Board Member queried whether sums still worked based on the numbers reflected in the Budget as this already shows a significant differentiation based on a plan approved just a few weeks ago. Principal noted that recovery from pre-Covid numbers hasn't been forthcoming as quickly as expected, and there is a need to look at flexibility within contracts without undermining core staff provision.

Chair expressed concern that there is no break-even Budget presented despite having already taken significant savings out of the organisation. Principal advised that the final iteration of the Budget would come to the Board in October and there is still some movement to be expected in student numbers.

Board Member queried why there had been no corresponding increase in recruitment since the national picture around student numbers was increasing. Depute Principal (Academic) noted that there were a variety of reasons for this, including the lowering of entry qualification requirements at other, more traditional universities.

Chair noted that UHI Perth hasn't hit HE targets since 2021 and is trending around 1500-1600 since then and there appears to be no reason to think this position is likely to change soon. If UHI Perth is a 1500 HE college then it needs to be set up in this way and allow this to be the norm.

Board Member suggested that there needs to be financial realism on this issue, and budgets should be produced according to "must achieve" rather than "would like to achieve". Depute Principal (Academic) noted that we need to retain a of quality of staff to achieve retention of student numbers.

Board Member queried at what point the cut-off for funding falls. Depute Principal (Academic) advised that this falls around 4-6 weeks into term. Board Member further queried whether rates of attrition were taken into account. Depute Principal (Academic) confirmed these were include in Budget.

	<p>Board Member asked whether the marketing message had changed alongside students being targeted. Depute Principal (Academic) noted that this needs to be looked at, alongside other factors.</p> <p>Board Member queried the lag time for new courses. Principal advised that, while new courses aren't always the right answer, the reality is there is a lag time based around UCAS applications dates in January therefore there is still time to amend if required.</p> <p>Student Board Member queried what emergency financial controls can be put in place for non-essential items. Principal noted that discussions had taken place at SLT around managing the budget position, and this would include items such as recruitment freezes.</p> <p>Chair summarised that the key issue was the current cost base is not viable on projected income levels. Board had requested a breakeven position, but this hadn't yet been delivered, and requested that SLT come up with a plan to address this by the Board Meeting in October. This course of action was <b>AGREED</b>.</p>	SLT
8.1	<p><b>AST Budget &amp; Business Plan 2024/25</b></p> <p>Chair introduced Paper 4, noting that the key issues and actions had been comprehensively discussed under Item 7.1.</p> <p>Committee <b>approved</b> Paper 4.</p>	
9.1	<p><b>Environmental Sustainability Report</b></p> <p>Director of Estates presented Paper 5, summarising the "Lean To Green" initiative that had been undertaken to identify both financial and space savings across campus. This had resulted in an number of proposed and enacted changes, eg the changes to college opening hours.</p> <p>Director of Estates highlighted the key actions for improved sustainability, including completion of feasibility studies on building usage; national waste contracts being concluded soon; and increasing the recycling tonnage.</p> <p>Board Member queried whether specific targets were to be identified in relation CO2. Director of Estates clarified that the KPI in this area was a 10% reduction, which would be hard to achieve without some capital investment, particularly as grant funding becomes more difficult to source.</p> <p>Board Member suggested that payback period information linked to financial investment might be useful, before querying timelines. Director of Estates advised that actions would take at least a year to be delivered due to effects of Masterplan work around efficiency</p>	

	<p>and insulation being undertaken first.</p> <p>Committee <b>noted</b> Paper 5.</p>	
<b>9.2</b>	<p><b>Estates Update</b></p> <p>Committee <b>noted</b> Paper 6.</p>	
<b>10.</b>	<p><b>HR Update</b></p> <p>Director of HR presented Paper 7, highlighting the recruitment of a new EDI Adviser, and that the proposed cross-partner HR &amp; Payroll system had been shelved due to lack of engagement from other parties.</p> <p>Board Member queried whether contracting out of these functions would be an option. Director of HR advised that this option was looked at within the scoping process but rejected for a number of factors. Board Member advised that it would be possible to outsource the software only. Director of HR noted that all contract options would need re-explored given collapse of proposed joint venture.</p> <p>Chair asked what risks the current system posed. Director of HR advised that Payroll was very labour-intensive and posed a cyber risk; the HR side of the current system is effectively a number of systems linked together and requires a high level of manual input.</p> <p>Student Board Member queried whether there may be other potential partners outside the UHI partnership, such as other colleges or the wider public sector. Director of HR noted that there would be data protection elements to consider, however even with these resolved it would be challenging across or out-with the sector to pull a project of this nature together.</p> <p>Chair requested update on plans to address long-term sickness issues identified in the report. Director of HR advised that there were certain illnesses affecting the current levels of long-term sickness reported which may make this challenging.</p> <p>Committee <b>noted</b> Paper 7.</p>	
<b>11.</b>	<p><b>Digital Transformation Update</b></p> <p>Director of ICT presented Paper 8, highlighting that there was still a fair amount of work required around our cultures, and attention is required on key areas such ensuring that students leave college digitally literate.</p> <p>Chair queried what efficiencies the college is likely to miss if cultural/investment requirements aren't met, and whether any</p>	

	<p>cost/benefit analysis had been conducted in this area. Director of ICT responded that printed learning materials as one area that is being addressed via an audit process, and JISC are looking to research out VLE to compare with the sector. The process is to review digital skills then implement progressive plans to bring up the base line.</p> <p>Student Board Member queried whether there was sufficient involvement of academics in the standardisation of teaching rooms. Director of ICT confirmed that the current standards were agreed as a collaborative exercise.</p> <p>Committee <b>noted</b> Paper 8.</p>	
<b>12.</b>	<p><b>Committee Meetings</b></p> <p>The following Committee minutes were presented for information and <b>noted</b>:</p> <ul style="list-style-type: none"> <li>• EDIT Committee, 14 December 2023</li> <li>• EDIT Committee, 14 March 2024</li> <li>• Joint Negotiating Committee, 21 March 2024</li> <li>• Perth Staff Group, 28 March 2024</li> </ul>	
<b>13.</b>	<p><b>Date &amp; Time of Next Meeting</b></p> <ul style="list-style-type: none"> <li>• Thursday 05 December 2024</li> </ul>	
<b>14.</b>	<p><b>Review of Meeting</b></p> <p>Committee confirmed that the meeting had been conducted in line with its Terms of Reference.</p>	

# Joint Meeting of Finance & Resources and Audit Committees

## DRAFT Minutes

**Meeting reference:** F&R/Audit 2024-25/01

**Date:** Thursday 26 September 2024

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

**Members present:** Graham Watson, Chair Finance & Resources Committee  
Derek Waugh, Chair Audit Committee  
Mary Fraser, Board Member  
Jenni Harrison, Board Member  
Chris Lusk, Board Member  
Elaine Piggot, Board Member  
Ian Robotham, Board Member  
Patrick O'Donnell, Staff Board Member  
Andy Garrity, Student Board Member  
Xander McDade, Student Board Member  
Margaret Cook, Principal

**In attendance:** Lorenz Cairns, Depute Principal (Academic)  
Katy Lees, Director of HR and Organisational Development  
Jill Martin, Director of ICT  
Gavin Stevenson, Director of Finance  
Gavin Whigham, Director of Estates  
Ian McCartney, Clerk to the Board  
Thomas Rotherham, Deloitte's, External Auditor

**Apologies:** Debbie McIlwraith Cameron, Board Member  
Alistair Wylie, Board Member  
Lynn Murray, Vice Principal (Operations)

**Chair:** **Graham Watson**

**Minute Taker:** Ian McCartney

**Quorum:** 7



## Minutes

Item		Action
15.	<p><b>Draft UHI Perth Group Report &amp; Financial Statements for the Year Ended 31 July 2023</b></p> <p>Chair F&amp;R welcomed everyone members of Audit Committee to the meeting.</p> <p>Director of Finance introduced Paper 11 and requested comments and feedback.</p> <p>Chair F&amp;R noted that the Report did not appear to reference the delay in the accounts being produced. Director of Finance confirmed that an apology had been received from the Lead Partner of Deloitte's and that this can be included should Board wish it to be. Chair F&amp;R confirmed that this should be included, probably within the Principal's Report section.</p> <p>Chair F&amp;R noted that assurance would be required around Going Concern. Committee was advised that comfort had previously been sought from SFC in this regard, with a letter being received; in addition, SFC had been involved in the review of the UHI Operating Model, therefore there is no evidence to the contrary that would require inclusion in the Report.</p> <p>Chair Audit queried whether, as the "bottoming out" of student numbers noted on page 4 had been achieved post-closure, would this section need reviewed. The same applied to National Bargaining agreements. Management <b>AGREED</b> and would update.</p> <p>Clerk advised that post-closure appointments and resignations to the Board of Management would also require to be update. It was suggested that these perhaps be added within an appendix.</p> <p>A formatting issue around comment boxes was also noted and would be corrected.</p> <p>Subject to the above amendments, Paper 11 was <b>ENDORSED</b> for approval by the Board Of Management.</p>	<p>Director of Finance</p> <p>Director of Finance</p> <p>Clerk</p> <p>Director of Finance</p>
16.	<p><b>Draft External Audit Annual Report 2022-23</b></p> <p>External Auditor presented Paper 12, highlighting the Key Messages outlined on Page 3, the approach to Material Adjustments on Page 8 and the Control Findings outlined on Pages 16 &amp; 17.</p> <p>Board Member requested that a list of acronyms commonly used in Finance &amp; Resources papers be provided.</p>	

	<p>Chair F&amp;R queried whether the Uncorrected Misstatements outlined required to be corrected prior to sign-off. External Auditor advised that it would be preferred if these could be corrected, but they were not material so an unqualified opinion could still be issued if time didn't permit.</p> <p>Chair F&amp;R queried the nature of the £150k Bad Debt with the Council. Principal advised that this would be investigated and reported back.</p> <p>Chair F&amp;R queried the Letter of Representation, noting the reference to "I" (ie Chair of Board), rather than "We" (ie the Board of Management). External Auditor agreed to change this wording as it relates whether the Board are satisfied around the regularity of transactions.</p> <p>Subject to the above amendments, Paper 12 was <b>ENDORSED</b> for approval by the Board Of Management.</p>	<p>Principal</p> <p>External Auditor</p>
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**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 2018?      **Yes** ☐      **No** ☒