

Finance & Resources Committee

Minutes

Meeting reference: F&R2024-25/02

Date: Thursday 05 December 2024

Location: ASW Room 961

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)
Lynn Murray, Deputy Principal (Operations)
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: None received

Chair: **Graham Watson**

Minute Taker: Ian McCartney

Quorum: 4

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MINUTES

Item		Action
1.	<p>Welcome and Apologies</p> <p>Chair welcomed everyone to the meeting and noted apologies.</p> <p>Chair referenced number of verbal items on agenda, with particular reference to resources in Finance department not being an excuse for a lack of information going forward, and noted that verbal updates should be the exception rather than the rule.</p> <p>Principal assured Board that SLT have resolved resource issues.</p>	
2.	<p>Additions to the Agenda</p> <p>Principal noted the Scottish Government Budget and Colleges Scotland's response to this and advised Committee that, while there was still some debate as to some of the finer details, the headline position of a £12.3m sectoral increase amounted to an effective cut of 1.3% on previous year. This included a Capital Budget cut of 17, and there was no clarity on National Insurance payments of the outstanding pay award for academic staff.</p> <p>Principal advised that further clarifications are likely to follow in the new year. Student Board Member queried whether additional funding was available through the Scottish Futures Trust. Principal advised that this may be possible via the Schools Agenda on innovation and collaboration, however this would need to be routed via UHI.</p> <p>Committee were advised that information had been received re the UHI OBC paper not now being ready until January – alternative dates for UHI Perth Board to consider to be arranged.</p>	Clerk
3.	<p>Declaration of Conflict of Interest in any Agenda Item</p> <p>No conflicts were declared.</p>	
4.	<p>Minutes of Meeting of Finance & Resources Committee & Joint Meeting with Audit Committee, 26 September 2024</p> <p>The minutes were approved as a true and accurate record of the meeting.</p>	
5.	<p>Matters Arising from previous minutes</p> <p>Chair advised (in capacity of AST Chair) that AST were working to secure support from UHI re payment of UHI Perth's £100k Management Fee. A response is expected soon and will be reported</p>	

	<p>to Board.</p> <p>Chair sought clarification around Bad Debt provision relating to Perth & Kinross Council. Committee were advised this related to employability funding and partial payment had been received. Internal Auditors were conducting a review in this area, with a report due to be received for consideration.</p>	
6.	<p>Financial Sustainability Update</p> <p>Principal advised that there were no financial changes to be noted since the last update, with the £3.2m savings figure still approximately on track for a completion date of end of FY2024/25.</p> <p>Principal noted that the priority is on the ongoing individual consultations which are taking longer than hoped. An end-stop of Easter will be required to enable process to be complete by end of AY 2024/25 due to statutory notice periods.</p> <p>Chair queried whether £3.2m savings had been built into Budget deficit. Director of Finance advised that Budget reflects position as at September 2024 (realised savings of £1.65m from the £2.2m outline position).</p> <p>Student Board Member queried whether potential Pension Strain costs were available for remaining positions under consultation. Principal advised that the process wouldn't allow for exact figures at this stage, and, while an approximate figure had been estimated, there is a risk in making assumptions based on known factors before point of crystallisation.</p> <p>Board Member queried whether Pension Strain costs had been included in decisions around VS. Director of HR clarified that costs had been excluded for individual decisions, but SFC approval was still required to process these costs. Board Member queried why these costs hadn't been taken into account. Director of HR advised that, in some cases, inclusion would have potential impacts around age discrimination.</p> <p>Board Member expressed alarm that some assumptions around Pension Strain had not been included in projections, or reported to the Board to provide clarity as there appears to be a risk that Pension Strain costs may override savings.</p> <p>Chair noted a need for Board Members to understand the Pension Strain costs, both past and future, in relation to salary savings approved by the Board under the savings plan.</p> <p>Depute Principal (Operations) noted that the paper approved by Board in June 2024 included reference to 50% costs associated with VS, and that Internal Audit had undertaken an investigation</p>	

	<p>into the VS scheme, which included the decisions taken at Remuneration Committee, and concluded that robust processes had been followed. Depute Principal (Operations) further noted that an update provided in November broke down all the details, which included answers to queries raised in order to provide a collated response; these details would also be provided to the December Board meeting.</p> <p>Chair noted that the key issue wasn't around process, but around transparency and a need to understand where things stood on an annualised basis. Student Board Member requested that, given specific answers cannot be provided, a range of Pension Strain costs be provided – from zero to the maximum possible – to understand prospective costs to avoid more surprised in April. Committee AGREED that a minimum and maximum cost range be provided re Pension Strain costs.</p> <p>Chair noted that the £1.1m costs identified in the November paper look like being exceeded therefore it would be useful to have sight of some detail and of any anomalies around VS savings and payback terms (ie 0.4FTE over a max of 24 months), plus a breakdown of numbers of applications approved versus rejected. This position was AGREED.</p>	<p>SLT</p> <p>SLT</p>
7.1	<p>UHI Perth Group Annual Accounts 2023/24 – update</p> <p>Depute Principal (Operations) advised that, while the compliance work on the annual accounts should be concluded by the end of the month, the statements won't be ready until into the New Year. While the partnership approach with Deloitte is working well, the volume of requests is overwhelming and a pause in requests of one week has been agreed to allow a catch-up in the backlog</p> <p>In response to a query from a Board Member around concern over dates being achievable, Depute Principal (Operations) further advised that accounts need to be tabled before Parliament by 31st March (and to OSCR by 30th April), however given the main cause of delays in 2022/23 accounts focused on 2 items that are not required this year (revaluation of Estates and Pensions Triennial revaluation), both parties are confident in meeting these deadlines.</p> <p>Clerk noted that an additional approval process for accounts will be required prior to the scheduled Committee and Board dates in Cycle 3, dates to be arranged.</p>	Clerk
7.2	<p>Perth College Financial Update: Year to 31 July 2024</p> <p>Director of Finance presented Paper 2, which provided a high-level version of the accounts to end October 2024, and issued a supplementary paper which provided a summary of key issues and priorities within Finance.</p>	

	<p>Director of Finance reassured Committee that, with the Finance department almost back to full strength again, the intention is to have management accounts produced within 10 working days after the end of Quarter 2.</p> <p>Chair queried reasons for income being around £0.5m behind forecast. Director of Finance advised that analytical information on the income side of the organisation was still challenging due to the knowledge base having left the organisation, however reported that a Reforecast is being prepared, and a truer measure of where the college stands would be shown at the Mid-Year Review which will be provided after P6 (end January 2025).</p> <p>Chair queried whether a worsening position compared to the draft budget require additional funding arrangements from UHI. Director of Finance confirmed that this would likely be the case. Board Member noted the need to focus on controllable costs, with Board requiring reassurance of this. Director of Finance reassured Committee that managing costs was the approach being taken, with budget holders being accountable for their budgets.</p> <p>Chair queried the current borrowing position. Director of Finance advised that the current position amounted to an advance on funding of £650k to be deducted at drawdown, and £1.5m of liquidity funding from SFC, however there was no clarity as yet as to the terms around these arrangements. Chair expressed concern around the continuing lack of detail on the terms of repayment for the latter arrangement in particular, and noted that this issue is likely to crystallise the debate around Going Concern within the Audited Accounts.</p> <p>Chair requested greater understanding be provided to Board members around the journey the Finance Dept has been on over a number of years to provide context of where things currently stand in comparison. This item is to be taken forward for a future Board Development Session.</p> <p>Committee noted Paper 2.</p>	Clerk
7.3	<p>UHI Perth Draft Budget 2024/25 - update</p> <p>Chair opened discussion on Budget by noting that there should be an assumption that a break-even position was not achievable, therefore there is a need to understand what the Recovery Plan will look like considering areas within UHI Perth's control, and how far this recovery will take the college.</p> <p>Principal provided context in that around £40m of income had been taken out of UHI budgets over the last few years.</p>	

	<p>Depute Principal (Academic) noted that the Targeting Process had commenced using a more realistic approach to previous years, but the implications of this are that projected incomes are likely to be reduced. Making inroads on the deficit may therefore require more of a blunt instrument and there would be consequences in such an approach.</p> <p>Chair cautioned that taking costs out of the business can't be done at the risk of taking income out of the business too., however it would be useful for Board to see what could be done. Board Member added that it would be useful to understand how to best work with UHI to increase student numbers.</p> <p>Student Board Member suggested it would be useful to better understand why students leave at early stages and not converting to higher levels of study. Depute Principal (Academic) advised that there were many reasons for this, including mental health issues, financial decisions and buoyant employment levels. Data is captured for this via exit interviews.</p> <p>Depute Principal (Operations) noted that the deficit budget had not been approved by the Board, and requested clarity on expectations that the Board had with respect to the next iteration of the budget. Chair advised that it was up to SLT to decide whether to come back to the Board with an amended position, however Chair would expect this budget to be reflective and robust.</p> <p>Director of Finance sought clarity on whether a reforecast or a re-budget was expected, as these have different consequences in terms of how and what managers would work to. Chair noted a preference to sign off on a reforecast rather than a re-budget.</p> <p>Committee requested SLT to provide a Recovery Plan to cover those areas under Perth's control ASAP.</p>	SLT
8	<p>Estates Update</p> <p>Director of Estates presented Paper 3, highlighting the challenging financial position surrounding Estates with the recent failure of the main lift in the Brahan building, costs for which are expected to be around £75k. Principal advised that SFC emergency funding was being explored re the lift repair costs.</p> <p>Committee noted Paper 3.</p>	
9	<p>HR Update</p> <p>Director of HR presented Paper 4, highlighting the focus on complaints handling and associated Scottish Public Services Ombudsman training had been arranged for affected staff.</p>	

	<p>Chair queried payroll system fixes. Director of HR advises that a 2-year extension with CIPHR had been negotiated, however this is not integrated with Payroll systems therefore requires a significant amount of manual processing. Implementation improvements are being examined. Chair queried whether the projected costs of the proposed new system had been stripped out of the Budget, Director of HR confirmed this to be the case.</p> <p>Chair queried whether sickness absence figures were good, bad or indifferent compared to other colleges. Director of HR advised that currently there was no benchmarking data, albeit a working group was working on this at the moment. Director of HR noted that figures presented were around 1% higher than national Public Sector figures.</p> <p>Committee noted Paper 4.</p>	
10	<p>Digital Transformation Update</p> <p>Director of ICT presented Paper 5, highlighting the risk to the project over required levels of investment given the current climate.</p> <p>Chair queried whether there was a strategic need to provide more hybrid room. Director of ICT noted ongoing concerns around frequency of room usage, and more investigation is required alongside curriculum factors.</p> <p>Director of ICT noted that SITS were forecasting a 300-400% increase in their licensing costs, which were shared between the college and UHI.</p> <p>Committee noted Paper 5.</p>	
11	<p>Committee Meetings</p> <p>The following Committee minutes were presented for information and noted:</p> <ul style="list-style-type: none"> • EDIT Committee, 26 September 2024 • Joint Negotiating Committee (Lecturers), 04 October 2024 • Perth Staff Group, 29 August 2024 • Perth Staff Group, 27 September 2024 	
13	<p>Date & Time of Next Meeting</p> <ul style="list-style-type: none"> • Wednesday 19 March 2025 	
14	<p>Review of Meeting</p> <p>Committee confirmed that the meeting had been conducted in line with its 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 2018? **Yes** ☐ **No** ☒