

Joint Meeting of Strategic Development and Finance & Resources Committees

Minutes

Meeting reference: SDC/F&R 2022-23/03

Date: Thursday 02 March 2023

Location: Boardroom (Braham Room 019)

Members present: Andrew Comrie, Board Member (Chair, SDC)
Katrina Hodson, Board Member (Chair, F&R – from Item 6.1)
Heather Cormack, Board Member
Jenny Hamilton, Board Member
Derek Waugh, Board Member
Michael Buchanan, Board Member (from Item 6.3)
John Dare, Staff Board Member
Todor Pavlov-Kennedy, Student Board Member
Margaret Cook, Principal
Charlea Jefts, HISA Perth Depute President Activities & Welfare

In attendance: Lorenz Cairns, Depute Principal
Veronica Lynch, Vice Principal (External)
Catherine Etri, Vice Principal (Academic) (Until Item 6.3)
Iain Wishart, Vice Principal (Operations)
Katy Lees, Head of HR & Organisational Development
Ian McCartney, Clerk to the Board

Apologies: Graham Watson, Interim Chair of Board of Management

Chair: **Andrew Comrie**

Minute Taker: Ian McCartney

Quorum: 7

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Minutes:

Item		Action
1.	<p>Welcome and Apologies</p> <p>Chair welcomed all present to the meeting, and noted apologies.</p>	
2.	<p>Additions to the Agenda</p> <p>There were no additions to the Agenda. Chair advised that the order of business may alter from Agenda based on discussions scheduled.</p>	
3.	<p>Declaration of Interest in any Agenda Item</p> <p>John Dare advised of his role as a local Unison official and advised of a potential conflict around Items 6.2 and 6.3.</p> <p>Todor Pavlov-Kennedy advised of his role on the Development Trust and advised of a potential conflict around Item 6.3.</p>	
4a.	<p>Minutes of Meeting of Strategic Development Committee held on 05 December 2022</p> <p>The minutes were agreed as being an accurate record of the meeting.</p>	
4b.	<p>Minutes of Meeting of Finance & Resources Committee held on 012 December 2022</p> <p>The minutes were agreed as being an accurate record of the meeting.</p>	
5.	<p>Matters Arising from Previous Minutes</p> <p>All action items were either complete or tabled on the Agenda for this Joint meeting.</p>	
6	<p>Items for Discussion</p>	
6.1	<p>UHI Perth Financial Update: Year to 31 January 2023</p> <p>Vice Principal (Operations) presented Paper 3, noting the cash deficit being recorded, and advised that the outlook did not look any better due to projections of approx. 400 FTE shortfall on HE credits (representing around £2m).</p> <p>The position also reflect an increase in salaries by 6% (3% more than budget, and adding around £2.7m in staffing costs) – 6% equates to the levels of increase in teaching, and it would appear unlikely that</p>	

	<p>the College sector will be less than this. Commercial operations were looking at a small combined net loss.</p> <p>Vice Principal (Operations) noted that the cash position was not yet critical, but this could crystallise quickly depending on EO's treatment of the shortfall in student numbers. It is also unknown how the government will react to the situation across the college sector.</p> <p>Chair F&R queried that, given that numbers were down across the college sector, where does allocated money go if not spent elsewhere by the government. Vice Principal (Operations) advised that of the 700 FTE shortfall of HE numbers across UHI, Perth accounted for 400 FTEs, therefore Perth is likely impacted more than other partners due to HE exposure; in reality, other colleges across the sector are more impacted by falling numbers in FE credits. Vice Principal (Operations) suggested that SFC was unlikely to take cash back, however this may be retained by EO as it was last Academic Year, therefore it was unknown how much of the £2m shortfall would be released to Perth College.</p> <p>Principal noted that, while dialogue would be required with UHI on this issue, SFC's position needs to be known first. Principal also advised that EO may decide to route clawback funds to UHI2024. Chair SDC noted that the short-term risk was greater than the needs of UHI2024 and suggested this is something that needs articulated to UHI Court.</p> <p>In response to a query around staffing, Vice Principal (Operations) noted that the current budget cycle includes a financial forecast from each budget holder, which will allow a reforecast to be provided by end March, and budget holders would be expected to work to this reforecast.</p> <p>Vice Principal (Operations) advised that, if levers need to be pulled, the question is one of what does College do, and when. Principal further noted the additional complexity of not being able to have a direct conversation with SFC as dialogue is routed via RSB.</p> <p>Committee NOTED Paper 3.</p>	
<p>6.2</p>	<p>Financial Outlook</p> <p>Vice Principal (Operations) referred to the comprehensive paper issued and discussed during Board Cycle 2 regarding the financial outlook for the College, and noted that the picture had not changed in the interim, however there were some areas that could be updated for information.</p>	

	<p>Vice Principal (Operations) advised that EO now required financial forecasts from partner colleges every 3 months, and it had been identified that some other colleges had capacity to transfer unused HNC/HN credits from HE to FE provision on a short-term basis which should help mitigate their position, however this option was not available to Perth College due to the mechanism using FTE for HE qualifications. It was hoped that a conversation with EO/SFC can be arranged to discuss options in this area.</p> <p>Vice Principal (Operations) also advised that some European funding may also be available, however this would only generate around £200k.</p> <p>Board Member noted the discussions may be politically challenging as it asks the question as to how UHI delivers HE.</p>	
<p>6.3</p>	<p>Commercial Outlook</p> <p>Vice Principal (External) presented Paper 4, noting that this was in follow-up to the paper presented to SDC in December 2022. Vice Principal (External) noted that the paper strips out academic provision with a focus on purely commercial operations within the College.</p> <p>Vice Principal (External) highlighted to Committee the risks of cross-subsidisation of commercial activity from public funds, in particular rules precluding the retention of loss-making activities at the expense of core provision.</p> <p>Chair SDC queried whether the buying in of services from other sources was allowed. Vice Principal (External) clarified that this was permissible as a cost of delivery of provision of a programme.</p> <p>Board Member queried the practical application of an accounting principal, for example can the funding of sports students be considered a cost of provision. Vice Principal (Operations) noted that the ASW building belongs to the College, therefore courses would still run even if there were no commercial activities taking place in that building as the curriculum takes precedent, and costs are all staff-related.</p> <p>Chair F&R sought clarification that, in effect, the Residences were subsidising the other commercial operations. This was confirmed by Vice Principal (Operations).</p> <p>Student Board Member highlighted the importance of ASW in terms of student recruitment.</p> <p>Vice Principal (External) took Committee through each commercial area in turn to discuss and seek endorsement of recommendations.</p>	

1 – Nursery

Vice Principal (External) highlighted annual loss of £157k gross/£228k net and noted the limitations imposed by the space, legislation, PKC funding rates and staff salaries being higher than national average within private sector meant that it was unlikely that the Nursery would generate a surplus.

Any move to a company-based solution would require staff to be TUPEd over, and under National Bargaining salaries would be protected for 4 years.

Board Member asked whether there was any specific information regarding staff and student usage of the Nursery. It was clarified that numbers had been aggregated within the paper, but these could be split out.

Board Member asked whether there was a need to add the 4th option of closure for consideration.

Vice Principal (External) advised that the potential solution re the Estates Strategy Masterplan with PKC would present a solution, and recommended that options be brought back to Committee in Cycle 4 to allow further discussions with PKC.

This recommendation was **AGREED**.

2 – ASW

Vice Principal (External) noted the £13k gross loss in ASW and informed Committee of some of the restrictions on usage of the commercial spaces in this building.

Board Member highlighted that, given the loss amounts, it would seem likely that a cost reduction/commercial focus exercise could see ASW being a contributory activity for the College, in particular some comparative analysis of the cost of running courses out of external providers. Vice Principal (External) noted that the issue for ASW isn't income, it's staffing costs when compared to the wider gym sector, due to staff being employed on College terms and conditions.

Board Member queried whether the development of 3G pitches was linked into paper. Vice Principal (External) confirmed this was not the case as plans were on hold re the pitches due to the space being identified within the Estates Masterplan, therefore a decision will be required on the Masterplan before proceeding with the 3G pitch development.

Vice Principal (External) recommended options be further explored during Cycle 4. This recommendation was **AGREED**.

	<p><u>3 - AST</u> Vice Principal (External) noted that the paper reflected an AST options paper presented to Board in June 2021, where a decision was made to retain and grow the business, however current contractual and cashflow challenges mean that it seems prudent to revisit these options.</p> <p>Vice Principal (External) recommended options be further explored during Cycle 4. This recommendation was AGREED.</p> <p><u>4 – Residences</u> Vice Principal (External) noted that there was far more demand than places available, and planning permission was in place to build an additional residence block.</p> <p>Board Member queried the position re expectations of returns re a commercially-funded building. Vice Principal (External) agreed that this approach may not provided additional funds in and of itself, however additional residential places would have benefit to College in terms of recruitment.</p> <p>Vice Principal (External) sought endorsement of continuing further discussions with potential commercial partners for building an additional residence block. This approach was AGREED.</p> <p><u>5 – International</u> Vice Principal (External) briefly updated key points relating to the International Strategy. Committee NOTED progress reported.</p> <p><u>6 – Development Trust</u> Vice Principal (External) advised that strategic options for the Development Trust were still being worked on, and proposed that these be presented during Cycle 4. This approach was AGREED.</p> <p><u>7 – Business Development</u> Vice Principal (External) briefly updated key points relating to the Business Development Strategy. Committee NOTED progress reported.</p>	
<p>6.4</p>	<p>Estates Strategy</p> <p>Depute Principal provided a verbal update on the Estates Strategy, noting that the Strategy had been paused at Phase 2 while options around the campus Masterplan were being considered.</p> <p>Depute Principal noted that a meeting between the College and PKC had taken place, with positions and key documents being shared as</p>	

	<p>part of the dialogue and a visioning exercise would follow. Depute Principal further noted that PKC had been given permission for further discussion within their budget process, and SMT sought the same from this Committee.</p> <p>Board Member queried what level of engagement would be expected from the Board during the visioning process to ensure involvement in the development of the vision rather than being limited to responding to it. Principal advised that the process needs to be bottomed out for both parties and further details would follow.</p> <p>Chair SDC suggested that a short-life working group might be best option. It was AGREED that Clerk would add this item for discussion at the next Chairs' Committee.</p>	
<p>6.5</p>	<p>UHI 2024 – Update</p> <p>Principal provided a verbal update on UHI 2024, noting that a new academic structure had been put in place with a view to generating savings, and that work continued to progress around Shared Services, with agreement that Finance and HR would look towards full Shared Service across the Partnership and Marketing and Admissions moving towards a team model across the Partnership.</p> <p>Principal further noted that the review of Executive Office had resulted in a reduction of 20 roles, and the first report from the external consultants conducting the Curriculum Review had been received.</p> <p>Board Member queried whether the focus on co-operation rather than integration of some areas would generate sufficient reductions in overheads. Principal responded that there is no capacity to look beyond the 2 areas listed for full integration at the moment.</p>	
<p>6.6</p>	<p>KPI Progress</p> <p>Depute Principal presented Paper 5 and explained that Balanced Scorecard of 13 KPIs would be presented on a quarterly basis with the full suite of KPIs provided for information annually. Depute Principal advised that Lead Authors would be made available to present at specific Board and Committee meetings if desired.</p> <p>Staff Board Member advised that staff were struggling to understand some of the KPIs. Depute Principal advised that Team Leaders were engaging with Lead Authors to address any issues, however Committee was reminded that it was not envisaged that all teams would be engaged in all 36 KPI areas.</p>	

	<p>HISA Perth Depute President queried the lack of recognition of HISA Perth in the document presented. Depute Principal advised that HISA Perth were noted more within the wider Strategic Document, but this feedback would be taken back to CMT for consideration.</p> <p>Chair SDC welcomed the prospect of members of CMT being invited to meetings on themed basis. Committee requested that one or two CMT members be invited to discuss key areas during next Cycle of Board Committee meetings.</p>	SMT/Clerk
7	<p>Estates Update</p> <p>Depute Principal advised that a new Head of Estates had been appointed and had now started in the role.</p> <p>The remainder of the Estates Update was provided under Item 6.4</p>	
8	<p>HR Update</p> <p>Head of HR and Organisational Development provided a brief summary of Paper 7.</p> <p>Chair SDC noted error in dates provided re Sickness Absence numbers, and requested that comparison to pre-COVID figures be provided for improved clarity.</p> <p>Board Member noted that staff sickness levels appeared quite high, and wondered whether Boar should be concerned. Head of HR and Organisational Development advised the Perth's levels showed as higher than other Colleges but this is tempered by not knowing what is recorded within figures elsewhere. This disparity in data reported was being looked into within the Sector HR Group. Head of HR and Organisational Development to report back on comparative data once available.</p> <p>Chair SDC noted that the levels of outstanding Professional Reviews seemed quite high. Head of HR and Organisational Development advised that percentages were skewed in smaller departments, and that there were issues around reviews of hourly-paid staff reviews having taken place but paperwork noy yet lodged.</p> <p>Chair SDC enquired about the recent Voluntary Severance process, and whether this data would be made available to Board. Principal advised that 12 staff had applied and one application had been accepted. Confirmation would be provided to Board within Principal's Report.</p>	Head of HR & OD

9	<p>Committee Minutes</p> <p>Minutes of the following committees were NOTED:</p> <ul style="list-style-type: none"> • EDIT Committee – 08 December 2022 • JNC Support Staff – 15 December 2022 	
10	<p>Dates and times of next meetings:</p> <ul style="list-style-type: none"> • SDC: Tuesday 09 May 2023 • F&R: Monday 22 May 2023 	
11	<p>Review of Meeting:</p> <p>Committees confirmed the business of the joint meeting had been compliant with the Terms of Reference of both Committees.</p> <p>Chair SDC queried when trends relating to Curriculum Review would be tabled for discussion, and how this topic fits into remit of SDC. Principal advised that these items are likely to be covered within Learner Experience Committee, and would review. Vice Principal External noted that certain elements affecting external engagement were also covered within the Business Development Strategy which will also be reviewed at a future point.</p>	Principal

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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 Items 6.2 & 6.3)

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**