

Finance and General Purposes Committee Meeting 2022-2023 1/4

Wed 28 September 2022, 16:30 - 18:30

Teams

Attendees

Chair

- Graeme Howell (Chair of Finance and General Purposes Committee)

Board Members

- Maria Bell (Independent Director, Absent from 6.8, 6.9, 6.10, 7, 7.1, 8, 8.1, 8.2, 9, 9.1, 10, 11)
- Absent: Grant Cumming (Vice-Chair of Human Resources and Remuneration Committee)

Ex-Officio

- Jane Lewis (Principal - Shetland UHI)
- David Sandison (Chair of the Board of Management)

Staff In Attendance

- Isobel Johnson (Finance Manager)
- Glenn Gilfillan (Head of Finance, Absent from 1, 2)
- Matt Sierocinski King (Board Secretary)
- Gemma McGregor (Vice Principal Operations)
- Malcolm Innes (TFU)

Apologies

- Rory Gillies (Independent Director)
- Angela Sutherland (Non-Teaching Staff Director)

Meeting minutes

1. Welcome, Apologies, and Announcements

Mr Howell (Chair of Finance and General Purposes Committee) welcomed everyone to the meeting.

Mx Sierocinski King (Board Secretary) announced the apologies.

2. Declarations of Interest

No interests were declared.

3. Minutes of Previous Meeting

Mr Howell (Chair of Finance and General Purposes Committee) ask members to review the Confidential minute of the previous meeting for matters of accuracy. He also asked members to review the non-confidential minute of the previous meeting for matters of accuracy.

Members of the committee highlighted two amendments to be made to the minutes, namely:

- The spelling of Elaine's surname, and
- to change the text of the last sentence under 7.1 to read "The committee discussed the update, including the development of a learning centre on Unst."

Approved: The confidential minute of the previous meeting was approved as a true and accurate record.

Approved: The non-confidential minute of the previous meeting was approved, subject to the amendments being made, as a true and accurate record.

4. Matters Arising

There were no matters arising that were not already on the agenda of today's meeting.

4.1. Student Accommodation update

Ms MacGregor (Vice-Principal Operations) updated the committee on the progress of the development of the Port Arthur House ground floor refurbishment, highlighting that the expectation that a deep clean would take place at the end of October, and thereafter it was expected that the accommodation would be ready for use.

The committee discussed as to when the accommodation would take on tenants.

5. *Terms of Reference

Approved: The Committee approved the amendments to the terms of reference.

6. Financial Monitoring

6.3. Student Numbers

Ms Burden (Depute Principal Tertiary) set the context of the risks relation to the paper, for the committee, announcing the following up to date enrolment numbers, an increase since the paper was written, and accurate as of today:

- FE FT: 51 (down by 26% compared to September 2021)
- FE PT: 654 (up by 61% compared to September 2021)
- HE FT: 126 (up by 9% compared to September 2021)
- HE PT: 144 (down by 4% compared to September 2021)

The Depute Principal Tertiary set context to the numbers presented. She also set the numbers in context of the UHI partnership. She also set the figures of short courses in context of Covid.

Professor Lewis (Principal) highlighted concerns regarding the SDS contract, particularly around the travel budgets.

Action: The Depute Principal Tertiary is to circulate the modern apprentices figures to the committee by correspondence.

6.6. FES Return

Mr Gilfillan (Head of Finance) updated on this matter verbally, and focused the update to include his discussion with the Internal Auditors. The Head of Finance and Professor Lewis (Principal) explained to the committee how the FES works, and recognised their gratitude to Ingrid.

6.7. EM Allowance Return

Mr Gilfillan (Head of Finance) informed the committee that this was no longer required to be submitted by Shetland UHI.

6.8. Fees Policy Paper

Mr Gilfillan (Head of Finance) introduced the paper, and explained the work he had undertaken to ensure consistency between Shetland UHI and UHI.

The Head of Finance explained the amendments made to the Finance Handbook, and when the policy needs to be reviewed.

The committee discussed the paper and how it related to UHI's fees policy.

Action: Finance and General Purposes Committee are tasked with reviewing the Fees Policy at the 2022-2023 Quarter 3 meeting in March 2023.

Action: Mx Sierocinski King (Board Secretary) is to circulate the paper for approval by correspondence by Finance and General Purposes Committee, including the context of the discussion. Thereafter, the Board Secretary can circulate it to the full board.

Action: The Board Secretary is to add the Price list to the agenda of the next meeting.

Note: The committee meeting fell inquorate during this agenda item.

6.9. Internal Audit

Mr Gilfillan (Head of Finance) informed the committee about the Annual Internal Audit Plan.

Decision: The committee agreed for the Internal Audit Plan to be circulated to Audit Committee, and recommended it be added to the agenda of the next Audit Committee meeting.

6.10. SFC Capital Maintenance Grant

Mr Gilfillan (Head of Finance) spoke to the committee regarding the SFC Capital Maintenance Grant, and explained the SFC Final FE Capital Allowances, and how it is linked to the credit targets.

The committee discussed the paper.

7. Estates and Assets

7.1. Energy Costs

Mr Gilfillan (Head of Finance) updated the committee on the current financial costs of energy to Shetland UHI, and gave thanks that gas use is a relatively small part of the energy costs for Shetland UHI compared to other academic partners. He explained to the committee there would likely be significant price increases for electricity next calendar year, and EDF was currently supplying very favourable rates to Shetland UHI.

The Head of Finance spoke about the volatility of the Gasoil market, and a need to take account of this in the future.

The committee discussed the need to undertake an options appraisal of including the Lerwick Campus to be included into the District Heating Scheme in Lerwick, along with Solar Panels, the Campus Redevelopment, and Net Zero.

9. Financial Risk Management

9.1. Finance Risk Update

Mr Gilfillan (Head of Finance) updated the committee on the development of the following risks, in the form of a presentation:

- Financial failure/operating loss.
- Inability to achieve a balanced budget.

He highlighted the principles behind the action plan are:

- Efficiency savings to be identified.
- Grow the business through maximising existing resources.
- Establish Restructuring/Recovery plan.

The Head of Finance spoke about the actions to minimize risk under the following headings:

- Budget Setting, with responsibility falling to himself and Ms Johnson (Finance Manager), and a completion time of September 2022.
- Budget Control, with responsibility falling to himself, delegated budget holders, and the Finance Manager, and that the actions under this heading were continuous
- Employment Costs, with responsibility falling to himself, the Finance Manager, Finance and General Purposes Committee, and Professor Lewis (Principal), and that the actions under this heading were continuous
- Pension funds, with responsibility falling to himself, the Finance Manager, and Finance and General Purposes Committee, and that the actions under this heading were continuous
- New Funding Streams, with responsibility falling to himself, the Finance Manager, Heads of Departments, Mr Hall, the Capital Planning Group, and Finance and General Purposes Committee, and that the actions under this heading were continuous
- Establish restructuring/recovery plan, with responsibility falling to the Principal, Senior Management Group, and Finance and General Purposes Committee.

The committee discussed the presentation.

Noted: The presentation was noted.

10. Any Other Business

Mr Gilfillan (Head of Finance) explained to the committee the progress on his interactions with RSM, with the view to appoint them as External Auditors for Shetland UHI, which had not been fruitful. RSM had determined there was an ethics conflict in taking on Shetland UHI as clients.

The Head of Finance spoke to Whiley Bisset with the view to appointing them as the External Auditors for Shetland UHI. They had fed back that they were unable to start work as external auditors until January 2023. The Head of Finance engaged with A9

Accountancy Services, a related company to A9, who are interested in taking Shetland UHI on as a client to deliver External Auditor services. He noted that as Whiley Bisset, fall within the framework, he would seek clarification from Whiley Bisset about their capacity to take on Shetland UHI as a client before exploring in further detail as to whether A9 Accountancy Services could serve as the External Auditor for Shetland UHI.

Mr Howell (Chair of Finance and General Purposes Committee) displayed his gratitude to the Head of Finance for his work and contribution over the years at Shetland UHI, and specifically for the work he had done to support Finance and General Purposes Committee in its work. The Head of Finance was thankful to the approach of the Chair of Finance and General Purposes Committee had taken to the work of Finance and General Purposes Committee.

11. Date of Next Meeting

The date of the next meeting is 30th November 2022, to be held on Teams.

| Agenda Item | Action | Responsible | Progress |
|-------------|--|--|----------|
| 6.5 | Circulate the modern apprentices figures to the committee by correspondence. | Depute Principal Tertiary | |
| 6.8 | Review the Fees Policy at the 2022-2023 Quarter 3 meeting in March 2023. | Finance and General Purposes Committee | |
| 6.8 | Circulate the paper for approval by correspondence by Finance and General Purposes Committee, including the context of the discussion. Thereafter, the Board Secretary can circulate it to the full board. | Board Secretary | |
| 6.8 | Add the Price list to the agenda of the next meeting. | Board Secretary | |