

Finance and General Purposes Committee

Wed 29 June 2022, 16:30 - 18:30

Attendees

Board members

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

Board Members

- Rory Gillies (Independent Director)
- Maria Bell (Independent Director)

Ex-Officio Members

- Jane Lewis (Principal - Shetland UHI)

Also in Attendance

- Brendan Hall (Absent from 6, 6.1, 6.2, 6.3, 6.4, 9, 9.1, 10, 10.1, 11)
- Beth Mouat (Absent from 6, 6.1, 6.2, 6.3, 6.4, 7, 7.1, 7.2, 8, 8.1, 8.2, 9, 9.1, 10, 10.1, 11)
- Isobel Johnson
- Glenn Gilfillan
- Matt Sierocinski King (Board Secretary)

Apologies

- David Sandison (Chair of the Board of Management)
- Angela Sutherland (Non-Teaching Staff Director)
- Grant Cumming (Independent Director)

Meeting minutes

1. Welcome, Apologies, and Announcements

Mr Howell (Chair) confirmed to the Committee that the Finance Handbook had been changed in line with decisions made by Finance and General Purposes Committee.

The Chair welcomed Ms Bell to the committee for her first meeting. The Chair also welcomed Mr Cumming to the Committee in absentia.

2. Declarations of Interest

Mr Howell (Chair) asked if any member of the committee needed to make a declaration of interest in relation to the items on the agenda. No declarations were made.

3. Minutes of Previous Meeting

Mr Howell (Chair of the meeting) asked if members could review the confidential minute and the non-confidential minutes for matters of accuracy. No matters were raised.

Decision: The Non-Confidential Minutes was approved as an accurate record of the previous meeting.

Decision: The Confidential Minute was approved as an accurate record of the previous meeting.

4. Matters Arising

Mr Gilfillan updated on the retainer, as raised in the previous meeting. He explained to the committee that there was no need for a retainer, as Shetland UHI is working with Thorntons on an 'as needs arise' basis.

Mr Gilfillan updated the committee on the appointment of Internal Auditors, explaining that this has now been explored with Mazzers, after Henderson Logie were identified as not suitable.

5. *Terms of Reference

Mr Howell (Chair) refreshed the committee's awareness of the terms of reference.

Decision: Ms Laureceson is to be removed from the terms of reference.

Action: Mx Sierocinski King (Board Secretary) shall remove Ms Laureceson from the terms of reference

Noted: The committee enjoyed Ms Laureceson's contribution to Finance and General Purposes Committee meetings, and recorded their thanks to the contributions she made to meetings of Finance and General Purposes Committee.

6. Financial Monitoring

6.1. Quarterly Budget Report

Ms Johnson updated the committee on the development of Shetland UHI's financial position through the quarterly report to 30th April 2022, noting the rise in staff costs, and fall in income, as well as the fall operating costs.

Ms Johnson explained the context of the variance figures to the committee, along with the notes made on the figures regarding Funding Council Grants, Tuition fees and Educational contracts, and staff costs. Ms Johnson noted the positive impact of Ms Laureceson on the administration of a range of finance matters.

The committee discussed the figures.

6.2. Staff Costs (Confidential)

Mr Gilfillan updated on the Voluntary Severance Scheme noting that it had previously discussed by a small sub committee and approved. It has also gone to UHI, and to SFC for funding. The scheme as a whole has also gone to Human Resources and Remuneration for approval, where approval was granted.

Mr Gilfillan gave the detail of of the background of the scheme as proposed. The committee discussed the paper.

Decision: The committee approved the Voluntary Severance Scheme, subject to satisfactory response be given from SFC.

6.3. Five Year Forecast

This item was delayed to the next meeting, as no paper was received.

Action: Mx Sierocinski King shall ensure this item returns to the agenda of the next meeting of Finance and General Purposes Committee

6.4. 2022-2023 Draft Budget

Mr Gilfillan presented the proposed budget for the next academic year.

Mr Gilfillan gave the committee a background on how the figures have been arrived at, and detailed the context of the notes made on set figures to the committee, namely: Funding Council Grants; Tuition Fees and Educational Contracts; Research Grants and Contracts; and Staff Costs. Mr Gilfillan also gave context on the remaining sections of income and expenditure.

Mr Gilfillan noted his thanks to Ms Johnson for her support in the development of the budget.

The draft budget concludes with a net deficit of £1,497,047. Mr Gilfillan noted that this budget, as proposed, is an initial draft.

The committee discussed the draft budget, with Professor Lewis (Principal) and Mr Gilfillan giving context to the draft budget in relation to the Five Year Forecast as it currently stands.

Decision: The Committee recommended that the draft budget proceed to the next meeting of the Board of Management for approval.

Action: Mx Sierocinski King (Board Secretary) will ensure the Budget is included on the agenda of the next meeting of the Board of Management

7. Estates and Assets

7.1. Islands Deal OBC Update

Mr Hall updated the committee on the progress the OBC, and the offer of an additional £1 million from SIC, to include the space port project. Mr Hall informed the committee that the acceptance of this offer has resulted in the adaption of the OBC to include the space port project, and the development of the Unst Learning Centre at Baltasound Junior High School due to its proximity to the space port.

Mr Hall confirmed to the committee that the Joint Islands Growth Deal Board and the Joint Islands Deal Committee have both signed off the amendments made to the OBC, which has allowed the paper to progress to the Scottish Government for a final decision.

Mr Hall informed the committee that further discussions with SIC were underway for further support with regards to project management for the Islands Deal.

The committee discussed the update, including the nature of the Unst Learning Centre at Baltasound Junior High School. The committee also discussed Newton rooms, digital infrastructure, STEM activity and sponsorship.

7.2. Student Accommodation

Mr Hall updated the committee on the progress to reinstate student accommodation in part at Port Arthur House, with the redevelopment of 11 beds in 10 rooms on the ground floor, including bathroom, kitchen and lounge facilities. Mr Hall informed the committee on the challenges faced in delivery of the redevelopment, as well as the revenue potential.

Mr Gilfillan informed the committee on a quote received from one contractor and their respective availability which was after Christmas. Mr Gilfillan also informed the committee of information received from alternative contractor with a greater availability. Mr Gilfillan provided contextual information to the committee regarding the demand for cadet courses and a specific request for accommodation.

The committee discussed the deficit of the redevelopment as proposed, the foundations of the figures presented, and the relative importance of the two suggested timelines of the redevelopment of the ground floor of Port Arthur House in relation to the business development of SUHI.

Decision: The committee approved the redevelopment of the ground floor of Port Arthur House with the caveat that break even is achieved by the end of year two.

Action: Shetland UHI staff are to undertake the redevelopment project of the ground floor of Port Arthur House.

Action: The management team is asked to explore all opportunities to achieve a break even requirement set by Finance and General Purposes Committee.

8. Growth and Development of Shetland UHI

8.1. Centre for Sustainable Seafood

Doctor Mouat updated the committee on the successful approval of the centre, the visit from Professor Hilborn along with the connections built with a similar centre in Humberside, allowing further collaboration. Dr Mouat updated on the developments of a stakeholder group and potential future funding, along the existing industry funding and support received from industry colleagues. She also spoke about Budget profiles over the next 5 years.

Doctor Mouat explained that the committee was requested to give centre approval to appoint a chair of the centre.

The committee discussed the risks of the regarding the appointment of a chair, linked to the funding to be received, noting that there have been delays in existing funding that was due. The committee discussed the nature of terminology regarding the position of Chair vs Director of the centre.

The committee discussed the risks involved, particularly regards to staffing, and the impact of delaying recruitment process.

Decision: The committee determined to approve the decision to begin the recruitment process, with a review of the progress, and confirmed funding information be given to Finance and General Purposes Committee in September.

Action: Centre is to begin the recruitment process.

Action: Doctor Mouat is to update the committee on the centre's recruitment progress in September.

8.2. TFU Update

This item was postponed until the next meeting, as no paper was received.

Action: Mx Sierocinski King shall ensure this item returns to the agenda of the next meeting of Finance and General Purposes Committee

9. Financial Risk Management

9.1. Actions Update on the Risk Management Monitoring

Professor Lewis (Principal) updated the committee on the risks under their purview, namely: financial failure/operating loss, Inability to achieve a balanced budget; and estate not fit for purpose.

The Principal detailed in her presentation that the first risk was owned by the committee, the Senior Management Group, the Head of Finance and the Finance Manager. She explained that the actions

undertaken so far were focused around efficiency savings, growing the business within existing resources, and establishing a restructuring/recovery plan.

The Principal detailed the action plan for this risk, which focused on: budget setting, budget control, employment costs, pension fund, new funding streams, and establishing restructuring/recovery plan. She updated on each aspect of the action plan.

The Principal detailed in her presentation that the second risk was owned by the committee, and Operations and Estates. She explained that the action undertaken so far were focused around Investment in infrastructure subject to external support from Islands Deal or other donors, noting that Campus is in a reasonably good condition.

The Principal detailed the action plan for this risk, which focused on: engagement with Islands Deal, Capital Planning Group, Development of new and updated list of needs/wants from staff and students, Maintaining and planned and reactive repairs, Student accommodation, and New Funding Streams. She updated on each aspect of the action plan.

The Principal confirmed that the R.A.G. status remains in orange for both risks.

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10. Any Other Business

No additional business was raised beyond the Meetings for 2022-2023 Academic Year, as detailed below.

10.1. Meetings for 2022-2023 Academic Year

The committee discussed the format and frequency of meetings for the committee and establishing a Finance and General Purposes Sub-Committee, or ad-hoc Finance Group.

Mr Howell (Chair) introduced the idea of quarterly meetings for the committee and ad-hoc meetings that take on more of a workshop format for a smaller group of the committee to ensure ongoing monitoring.

The committee discussed the suggestion.

Decision: Meetings of the committee would move to quarterly online meetings and align with the timings of quarterly reports.

Decision: Workshops would be held in person with timings to be confirmed. Each workshop is to focus on one or two subjects.

Action: Mx Sierocinski King (Board Secretary) is to include a set of draft dates for adhoc group workshops of Finance and General Purposes Committee members to the board of management in July 2022.

11. Date of Next Meeting - TBC

To be determined by Board of Management in July 2022.

Agenda Item	Action	Responsible	Progress
5	Remove Ms Laurenceson from the terms of reference	Board Secretary	
6.3	Ensure this item returns to the agenda of the next meeting of Finance and General Purposes Committee	Board Secretary	
6.4	Ensure the Budget is included on the agenda of the next meeting of the Board of Management	Board Secretary	
7.2	Undertake the redevelopment project of the ground floor of Port Arthur House.	Shetland UHI Staff	
7.2	Explore all opportunities to achieve a break-even requirement set by Finance and General Purposes Committee.	SMG	
8.1	Begin the recruitment process.	Centre for Sustainable Seafood	
8.1	Update the committee on the centre's recruitment progress in September.	Doctor Mouat	
8.2	Ensure this item returns to the agenda of the next meeting of Finance and General Purposes Committee	Board Secretary	
9.1	Ensure this item returns to the agenda of the next meeting of Finance and General Purposes Committee	Board Secretary	
10.1	To include a set of draft dates for adhoc group workshops of Finance and General Purposes Committee members to the board of management in July 2022.	Board Secretary	