

Meeting	Board of Management
Date and time	Tuesday 16 December 2025 at 4.30 p.m.
Location	Hybrid Meeting in room 203/204 and via Microsoft Teams

Governance Officer
03 December 2025

AGENDA

The timings on this agenda are indicative only and may extend beyond times highlighted.

Welcome and Apologies

Declaration of Interests and/or any Statement of Connections or Transparency Statements.

ITEMS FOR DECISION

- 16:30 – 16:35 **1) RATIFICATION OF APPOINTMENT OF THE STUDENT REPRESENTATIVE**
Report by Governance Officer
- 16:35 – 16:45 **2) HEALTH AND SAFETY ANNUAL REPORT 2025 (CONFIDENTIAL)**
Report by Health, Safety & Sustainability Manager
- 16:45 – 16:50 **3) MINUTES**
a.) Meeting of the Board of Management held on 07 October 2025
b.) Confidential Note (CN-BoM-01-092025) of the Board of Management held on 07 October 2025
- 16:50 – 17:00 **4) OUTSTANDING ACTIONS**
Actions List
- 17:00 - 17.10 **5) ANNUAL PROCUREMENT REPORT FY 2024/25**
Report by the Director of Finance and Estates

- 17:10 – 17:30 **6) FINANCIAL FORECAST RETURN 2024/25 to 2027/28**
Report by Director of Finance and Estates
- 17:30 – 17:50 **7) AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2025**
Report by Director of Finance and Estates
- a.) Audited Financial Statements for the Year-Ended 31 July 2025
b.) UHI Inverness College Annual Audit Report by Deloitte
c.) SFC Annual Report and Accounts for the year ended 31 July 2025
d.) Letter of Representations to Deloitte – to follow
- 17:50 – 17:55 **8) ITEMS APPROVED VIA WRITTEN PROCEDURE**
Report by Governance Officer
- a.) Draft Annual Audit Report 2024/25
b.) SEAP Report 2024/25
c.) Student Conduct Policy
d.) Business Continuity Policy
e.) Waste Management Policy
f.) Supporting Probation Policy
g.) Public Interest Disclosure Policy
h.) ICT Business Continuity Policy

ITEMS FOR DISCUSSION

- 17:55 – 18:00 **BREAK**
- 18:00 – 18:10 **9) KPI MATRIX**
Report by Operations and Commercial Manager
- 18:10 – 18:30 **10) PRINCIPAL'S REPORT**
- a.) Augsburg Green Hydrogen Visit in October 2025
(CONFIDENTIAL)
- 18:30 – 18:50 **11) UHI Court – FBC UPDATE AND DISCUSSION (CONFIDENTIAL)**
Verbal report by Further Education Regional Lead
- 18:50 – 19:00 **12) GOVERNANCE UPDATE**
Report from Governance Officer
- a.) Externally Facilitated Efficiency Report

FOR NOTING

- 19:00 – 19:05 **13) DRAFT MINUTES OF MEETINGS OF BOARD COMMITTEES (CONFIDENTIAL)**

- a.) Learning, Teaching and Research Committee held on 09 September 2025
- b.) Chairs Committee held on 18 September 2025
- c.) PRR Committee held on 05 November 2025
- d.) FGP Committee held on 06 November 2025
- e.) HR Committee held on 20 November 2025
- f.) LTR Committee held on 02 December 2025
- g.) Joint Audit & FGP Committee held on 08 December 2025 –
to follow
- h.) Chairs Committee held on 11 December 2025 – to follow

19:05 – 19:10 14) UHI UPDATES

- a.) Minutes of University Court held on 25 June 2025
- b.) Minutes of University Court held on 10 September 2025
- c.) Minutes of University Court held on 08 October 2025

19:10 – 19:20 15) AOCB

15.1) HE/FE provision for the asylum seekers at Cameron Barracks

15.2) Transformation Committee

15.3) EIS Report on Further Education

16) DATE AND TIME OF NEXT MEETING

03 February 2026 at 4.30 p.m.

If any member wishes to add an item of business to the Agenda, please inform the Chair and the Governance Officer as soon as possible. Additional items of business will only be considered for inclusion in the agenda in advance of the start of the meeting.

Subject/Title:	Ratification of Appointment of the Student Representative
Author: [Name and Job title]	Ludka Orłowska-Kowal, Governance Officer
Meeting:	Board of Management
Meeting Date:	16 December 2025
Date Paper prepared:	08 December 2025
Brief Summary of the paper:	This paper provides the Board with the background to the appointment of new Student Board member.
Action requested: [Approval, recommendation, discussion, noting]	Ratification

Link to Strategy: Please highlight how the paper links to, or assists with:: <input type="checkbox"/> compliance <input type="checkbox"/> partnership services <input type="checkbox"/> risk management <input type="checkbox"/> strategic plan <input type="checkbox"/> new opportunity/change	New Opportunity/Change, Compliance		
Resource implications:	Yes / No If yes, please specify:		
Risk implications:	Yes / No If yes, please specify: Operational: Organisational:		
Equality and Diversity implications:	Yes/ No If yes, please specify:		
Student Experience Impact:	Yes/ No If yes, please specify:		
Consultation: [staff, students, UHI & Partners, External] and provide detail	N/A		
Status – [Confidential/Non confidential]	Non-Confidential		
Freedom of Information Can this paper be included in “open” business* [Yes/No]	Yes		
*If a paper should not be included within “open” business, please highlight below the reason.			
Its disclosure would substantially prejudice a programme of research (S27)		Its disclosure would substantially prejudice the effective conduct of public affairs (S30)	
Its disclosure would substantially prejudice the commercial interests of any person or organisation (s33)		Its disclosure would constitute a breach of confident actionable in court (s36)	
Its disclosure would constitute a breach of the Data Protection Act (s38)		Other (Please give further details)	

Further guidance on application of the exclusions from Freedom of Information legislation is available via

<http://www.itspublicknowledge.info/ScottishPublicAuthorities/ScottishPublicAuthorities.asp>

and

http://www.itspublicknowledge.info/web/FILES/Public_Interest_Test.pdf

Appointment for first term for the Student Representative:

The Autumn by-elections were a huge success with one of the highest turnouts of any by-elections. 68 votes were cast by students and Oliver Sweeney was elected college's new Inverness Depute President with 35 votes

Following Board Member has been appointed:

- Oliver Sweeney – Student Representative Member of the Board of Management – 1st term

Action	Academic Year	Status	Finding	Recommendation	Recommendation Significance	Implementation Date	Responsible Officer	Comments
3	25/03/2025 2024/25	Ongoing	Variations of credit-based funding across partnership: The importance of a consistent approach to the use of credits by all partners and the RBS had been highlighted by the Board.	The variations of credit-based funding across partnership to be raised with UHI.	Medium	31 June 2025	Chair of the Board	Update 31/06/2025: The matter has been raised with the Chair of the Court. An update is expected after the next UHI Court meeting. Update at 07/10/2025: The Chair of the Board will re-check the status of this action with EO. Update at 08/12/2025: This action is being reviewed as part of the FBC process.
4	24/06/2025 2024/25	Ongoing	Topslice increase for 2025/26: Discussion about the financial figures presented, concerns regarding duplication of systems and processes and the need for the topslice being reviewed took place.	Reasons for the increase in topslice for 2025/26 to be discussed with EO.	High	31 October 2025	Chair of the Board	Update at 07/10/2025: The Chair of the Board will re-check the status of this action with EO. Update at 08/12/2025: This action is being reviewed as part of the FBC process.
5	24/06/2025 2024/25	Ongoing	Financial 5-year plan - timeline: There is a plan to move the college from its current forecast budget deficit to a financially sustainable position or at least break-even from a cashflow point of view. This will be achieved through a variety of measures that have been listed within the body of the report.	Clear timelines to be included within the financial 5-year long-term plan to reduce the operational deficit.	Medium	31 October 2025	Director of Finance and Estates	Update at 07/10/2025: EMT is looking at different processes to establish areas for efficiency measures. Concerns were raised about cash position and FFR dropping but topslice rising. The Chair of the Board requested that the FGP Committee also be informed of these concerns and provided with an update.
6	24/06/2025 2024/25	Ongoing	Financial 5-year plan - discussions: There is a plan to move the college from its current forecast budget deficit to a financially sustainable position or at least break-even from a cashflow point of view. This will be achieved through a variety of measures that have been listed within the body of the report.	Discussions to take place regarding the financial 5-year long-term plan with the RSB and SFC.	Medium	31 October 2025	Director of Finance and Estates	Update at 07/10/2025: Session to be scheduled.
10	24/06/2025 2024/25	Ongoing	Principal's Report – QAA process: The Board raised concerns in regard to the current QAA self-evaluation process, its 6 years cycle and risk associated with the final report being done for the whole of the partnership, not for individual colleges.	Feedback about the new QAA process to be shared with EO and SFC. There is a need for more frequent meetings.	Medium	31 October 2025	Chair of the Board	Update at 07/10/2025: Feedback to be shared with EO and SFC. Update at 08/12/2025: QAA reporting process might change with any new structure emerging from the Transformation process.
13	07/10/2025 2025/26	Ongoing	FBC Update & Discussion: Due to time constraints, the Members had been asked to contact the Chair of the Board with questions regarding the Transformation process.	Board Members to send their questions in regard to the Transformation process to the Chair of the Board who will then share them with the EO.	Medium	31/10/2025	Chair of the Board and Board Members	Update at 08/12/2025: This action is part of ongoing current discussions with the EO and has been minuted at Committee and Board level.
14	07/10/2025 2025/26	Complete	FBC Update & Discussion: The Board requested a clear timeline of the transformation process that would support the decision making-process in January 2026.	Clear timeline of the transformation project and process to be created and circulated to the Board prior January 2026.	High	31/12/2025	Chair of the Board	Update at 10/12/2025: The Timeline was included in the notes circulated by the Chair of the Board from the UHI Inverness - EO Transformation meeting on 03/12/2025.
15	07/10/2025 2025/26	Ongoing	Student Activity & Recruitment: Suggestion has been made to maximise income streams by widening the commercial offer in place to tap into important revenue streams.	Discussion to take place about ways to maximise income streams by widening the commercial offer.	Medium	31/12/2025	VP Curriculum, Operations and External Relations & RKS	
16	07/10/2025 2025/26	Ongoing	Student Activity & Recruitment: The Board expressed concerns that the current FE credit allocation is distributed by EO based on historic pre-Covid demand. There is a need for the value of the credit and credit existing allocation to be reviewed and evaluated in light of current demand.	Discussion to take place about existing FE credit allocation and the value of the credit.	Medium	31/12/2025	VP Curriculum, Operations and External Relations & AS	
17	07/10/2025 2025/26	Complete	Outcomes and Satisfaction Rates: The Board suggested that future reports could include the national figures to better understand the position of UHI Inverness in relation to the sector.	National figures to be included in future Outcomes and Satisfaction Rates reports to better position UHI Inverness in relation to the sector.	Medium	31/12/2025	VP Curriculum, Student Experience and Quality	Update at 10/12/2025: Discussion took place with the Information Systems Manager and the national figures will be added to reports going forward once they have been published by the SFC.
18	07/10/2025 2025/26	Complete	Principal's Report: Concerns were raised about the Texas agreement and further implications caused by the delays within the validation process. The Board requested a detailed report on the impact the validation delay will have on UHI Inverness and the relationship with Texas State University.	Detailed report on the impact the validation delay will have on UHI Inverness and their relationship with Texas State University to be presented to the Board.	Medium	31/12/2025	The Principal	Update at 08/12/2025: This action will be addressed during the Principal's Update report on 16/12/2025.
19	07/10/2025 2025/26	Complete	Governance Update: Concerns were raised about the low training completion rates and possible risk associated. Suggestion has been made for the Board training to be added to the risk register.	Board's training completion rate to be added to the college's risk register.	Medium	31/12/2025	Gov Officer	Update at 08/12/2025: The Director of Finance and request has been asked to add the new risk to the risk register.
20	07/10/2025 2025/26	Complete	District Valuer Update: The Board thanked for the update and requested that District Valuer would be informed of any future leases or renewal leases by UHI Inverness and involved in the process. The Board suggested that the FGP Committee review and approve the attached Governance Actions to Strengthen Property Transaction Oversight document shared by the Chair of the Board prior the meeting.	The FGP Committee to review and approve the attached Governance Actions to Strengthen Property Transaction Oversight document and to include it in future leases or renewal leases by UHI Inverness.	Medium	31/12/2025	FGP Committee & Gov Officer	

Board of Management Meeting

Subject/Title:	Annual Procurement Report 2024/25
Author:	Niall McArthur, Director of Finance & Estates
Meeting:	Board of Management Meeting
Meeting Date:	16 December 2025
Date Paper prepared:	1 December 2025
Brief Summary of the paper:	To present the Annual Procurement Report for 2024/25, produced by APUC on behalf of UHI Inverness.
Action requested: [Approval, recommendation, discussion, noting]	Approval

Link to Strategy: Please highlight how the paper links to, or assists with:: <ul style="list-style-type: none"> <input type="checkbox"/> compliance <input type="checkbox"/> partnership services <input type="checkbox"/> risk management <input type="checkbox"/> strategic plan <input type="checkbox"/> new opportunity/change 	Financial Sustainability
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Resource implications:	Yes – monitoring of Financial Resources If yes, please specify:		
Risk implications:	Yes If yes, please specify: Financial Operational		
Equality and Diversity implications:	N/A		
Student Experience Impact:	None		
Consultation: [staff, students, UHI & Partners, External] and provide detail	None		
Status – [Confidential/Non confidential]	Non Confidential		
Freedom of Information Can this paper be included in “open” business* [Yes/No]	Yes		
*If a paper should not be included within “open” business, please highlight below the reason.			
Its disclosure would substantially prejudice a programme of research (S27)		Its disclosure would substantially prejudice the effective conduct of public affairs (S30)	
Its disclosure would substantially prejudice the commercial interests of any person or organisation (s33)		Its disclosure would constitute a breach of confident actionable in court (s36)	
Its disclosure would constitute a breach of the Data Protection Act (s38)		Other (Please give further details)	

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Annual Procurement
Report
FY2024-25

Title:	Annual Procurement Report FY2024-25
Version 1:	September 2025
Version 2:	October 2025
Prepared by	Stuart Murray, and Derek Cowie

UHI Inverness - Annual Procurement Report (APR)

Executive Summary

The Procurement Reform (Scotland) Act 2014 (PRA) required any public organisation which has annual regulated spend of £5 million or more to develop a Procurement Strategy and then review it annually. This requirement took effect from 31 December 2016. Organisations (including HE and FE institutions) required to develop and publish a Procurement Strategy were also required to publish an Annual Procurement Report (APR).

The UHI Inverness 4-Year Procurement Strategy 2023 to 2026 was approved by the Board of management in October 2023. [Procurement-Strategy-2023---2026.pdf \(uhi.ac.uk\)](#)

The 4-year UHI Inverness Strategic Plan 2022 to 2026 was created by EMT and approved by the Board of Management in February 2022. [UHI Inverness Strategic-Plan 2022-26-\(1\).pdf](#)

This report covers the period of 01-August-2024 to 31-July-2025 and highlights performance and achievements in delivering the UHI Inverness procurement activities.

To assist with procurement compliance under the Public Procurement Regulations (2015) UHI Inverness uses the service of APUC Advanced Procurement for Universities and Colleges. Under a shared service agreement, the college has a 2 FTE allocation. In addition, the college has access to the services of the UHI Collaborative role which delivers contracts where one or more UHI Academic Partner wishes to collaborate.

Findings of the report are based on analysis of financial reports from the finance systems Sun and Pecos, and the institutional Contracts Register (Hunter).

The college reported a total Non-Pay Spend of £9,620,796.35, of which £3,363,569.41 was deemed influential spend. The remaining non-influential £6,257,226.94 is split between GTFM £5,041,643.84 and £1,125,583.10 on others EG - Other public sector bodies / property leases. These figures are generally consistent with last reporting period though note an increase of £340,240.08 in the GTFM spend in this reporting period.

UHI Inverness had 337 active suppliers with whom it procured goods and services from during the reporting period. This figure is resulting from the rationalisation of the supply base with a 14% reduction in active suppliers from last reporting period.

57% of core spend was procured through SMEs. In addition, 1 contract is in place with a Supported Business.

The College optimises the use of national, sectoral, local, or regional collaborative contracts and frameworks. This significantly reduces the number of resource-intensive formal local tenders and burdens of risk, as well as enhances cash/non-cash savings, and more rigorous contract & supplier management. 59% of the College's spend went through collaborative agreements during the reporting period, which is a decrease of 7% on FY23/24 figures.

During the reporting period, 24 local contracts with an annual contract value of total of £620,244.75 was procured.

During the reporting period BT1 cash savings of £331,286 and BT2 Non-Cash Savings of £316,199 were recorded. Savings are calculated using the Scottish Government Savings Methodology.

The following continuous improvements are recommended:

- HR Inductions for new starts, it highly recommended where a new start who will be involved with devolved procurement activities, then training is to be provided.

- Procurement Training, define roles & responsibilities to deliver a comprehensive procurement training programme to devolved staff during FY 25/26. Training to include the end-to-end process.
- Review the use of current Framework suppliers, ensure that stakeholders are using them compliantly. This additional transparency will deliver more value for money to UHI Inverness.
- To maximise savings using national framework agreements where appropriate.
- Further develop the use of collaboration with other public sector bodies (e.g.) UHI Academic Partners, Highlands and Islands Enterprise, The Highland Council, and NHS Highland.
- Rationalise the supply base to avoid non-compliant spend being processed retrospectively via payment request function. PECOS decluttering of suppliers was carried out in FY24/25 via support from the College Finance Team.
- Increase the number of PECOS audits and provide a report on non-compliance.
- Review the volume of spend via the PECOS system with a view to increasing percentage from FY25/26 position.
- Review Procurement Risk Register through formal reviews with the Director of Finance and Estates and the Head of Procurement – UHI Shared Service.
- Focus on responsible procurement duties through developing the FNT2030 action plan.

Audit & Operational Procurement Review

The previous Scottish Government Operational Procurement Review (OPR) was conducted in September 2024, the next OPR is expected in 2026, date to be confirmed.

No procurement internal audits were carried out in the reporting period.

Further information is provided in the following sections:

- Section 1: Summary of Spend and Regulated Procurements Completed
- Section 2: Review of Regulated Procurement Compliance
- Section 3: SME and Supported Businesses Summary
- Section 4: Forward Contracting Plan
- Section 5: Responsible Procurement Summary

**Report Approved –
By –**

**Signed –
Signature -**

Date:

Section 1: Summary of Spend and Regulated Procurements Completed

FY24/25 Spend Data		National Framework Agreements / Local Contracts Percentage usage
Total Finance Spend	£9,620,796.35	
Compliant Influential Spend Total	£2,851,072.44	
National	£2,090,206.35	62.4%
Local	£760,866.09	22.7%
Non-Compliant Influential Spend Total	£499,025.73	
Non-Contract Spend	£467,170.45	
Credit Card Spend	£31,855.28	195 Transactions
Non-influential Spend Total	£6,270,698.18	
GTFM (non-influential)	£5,041,643.84	
Other non-influential	£1,229,054.34	

It is to be noted that 101 suppliers were recorded with an annual spend less than £500, where possible this should be reviewed as processing costs for setting up each new supplier is circa £40. A 6% increase from last reporting period.

The facilities management contract is with Galliford Try Facilities Management (GTFM) with a spend profile for FY24-25 of £5,041,643.84. A 7.25% increase from last reporting period. Contract performance and value for money is directly managed by the college estates department; any contract amendments are administered through an Authority Change Notice (ACN's) process.

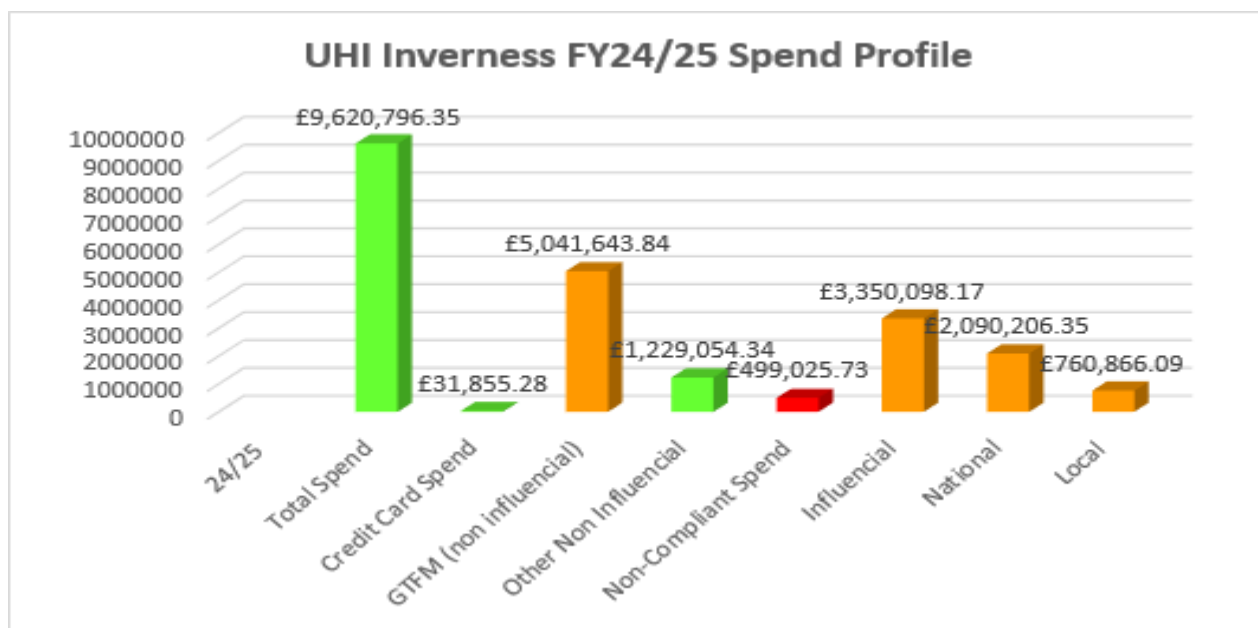
Description	Number
Number of New Supplier Request Forms received during FY24/25	28
The above table indicates the number of new suppliers added to the finance system that the College expect to have a reoccurring spend with. Unfortunately, misuse of this function has also been identified as requests are retrospective which is in breach of the College No PO - No Pay Policy in the Financial Regulations. The Procurement team will work with Finance and Stakeholders to reduce the impact.	

Description	Number / Value
Number of Retrospective Orders via Payment Request Form Processed Directly into Finance System during FY24/25	178
Total Value (Ex-VAT) GBP £	£102,790.04
The above table indicates the number supplier payments that have been processed without prior authorisation. Unfortunately, as requests are retrospective this again is in breach of the College No PO - No Pay Policy in the Financial Regulations. The Procurement team have worked with Finance and Stakeholders to reduce the number of retrospective transactions by 146 from previous AY to a value of £277,793.69 from previous reporting period, though note some retrospective payments may be unavoidable.	

Purchase Order / Invoice Reconciliation

The split between invoices posted into PECOS and directly into the accounts system without an order is as follows:

Description	Total
Total number of invoices processed	5,502
Total number of PECOS order related invoices	4,761
Total number of invoices entered directly into Sun	741



National Framework Agreements

Against the Scottish Government target of 40% of non-pay spend being procured via National Frameworks Agreements, the College have achieved 62.4%. An 8.3% decrease from last reporting period. UHI Inverness will maintain and try to increase opportunities to maximise the usage of Framework Agreements.

UHI Collaborations

UHI Inverness are committed to work with other academic partners, and they do this via the collaborative procurement resource. In the reporting period UHI Inverness benefited from participating in 24 exercises, completed with an estimated total contract value of £3,766,334. A 110% increase in contract value from last reporting period.

Further information is available in Appendix 1 – Savings Report 24/25, comprising - Tab 1: Local Savings, Tab 2: Collaborative Savings, Tab 3: National Framework Savings & Tab 4: BT14 Savings (BT14 Sustainability Based Benefits BT14LW Living Wage and BT14C (%) Carbon Emissions Reduction).

Inverness Campus Owners Association (ICOA) Collaborative Opportunities

With in the ICOA team, all potential collaborative opportunities are being investigated between UHI Inverness, Highland and Islands Enterprise (HIE), NHS Highland and the Scotland's Rural Colleges (SRUC).

Both Responsible Procurement and Collaborative Opportunities are now a fixed agenda item at the ICOA quarterly meetings.

Local Contracts

In the reporting period 24 contracts were completed worth an estimated annual total of £620,244.75 and added to the College contracts register.

Further information is available in Appendix 2 – Tenders Completed 24/25

Non-Competitive Action (NCA) FY24/25

The institution procurement policy recognises that there may be occasions where appropriate to award a contract for goods, services and works without following a competitive tendering process. This procedure is known as Non-Competitive Action (NCA) and can only be applied in **exceptional** circumstances.

10 Non-Competitive Actions were recorded in this reporting period worth an annual total of £103,840.00. For transparency the details have been added to the College Contract Register.

Further information is available in Appendix 2 – Tenders Completed 24/25

Savings

The following BT1 AND BT2 Savings have been achieved in FY24/25. Savings are calculated and approved, using the Scottish Cross Public Sector Savings Methodology.

Dept	Saving Type	Cash	Non-Cash
National Collaboration	BT1	£59,242	
National Collaboration	BT2		£268,486
UHI Collaboration	BT1	£34,883	
UHI Collaboration	BT2		£47,570
Local Costs Savings	BT1	£237,161	
Local Costs Savings	BT2		£143

BT14 – Savings

BT14 – sustainability-based benefits Sustainability-based benefits where costs are not normally relevant, can be reported but will normally be described in written narrative including but not limited to the following areas:

- Reduction in waste – packaging and / or further use of residue from processes etc.
- Reduction in consumption - use of raw materials (consumables, utilities etc.)
- Recycling and/or reuse of products.
- Strengthen reputation and/or marketing opportunities.
- Community Benefits delivery.
- Carbon Reduction.
- Social, equality and / or environmental improvements.
- Staff and Student Training
- Students experience enhancement

Further information is available in Appendix 1- UHI Inverness Savings Report 24/25.

Section 2: Review of Regulated Procurement Compliance

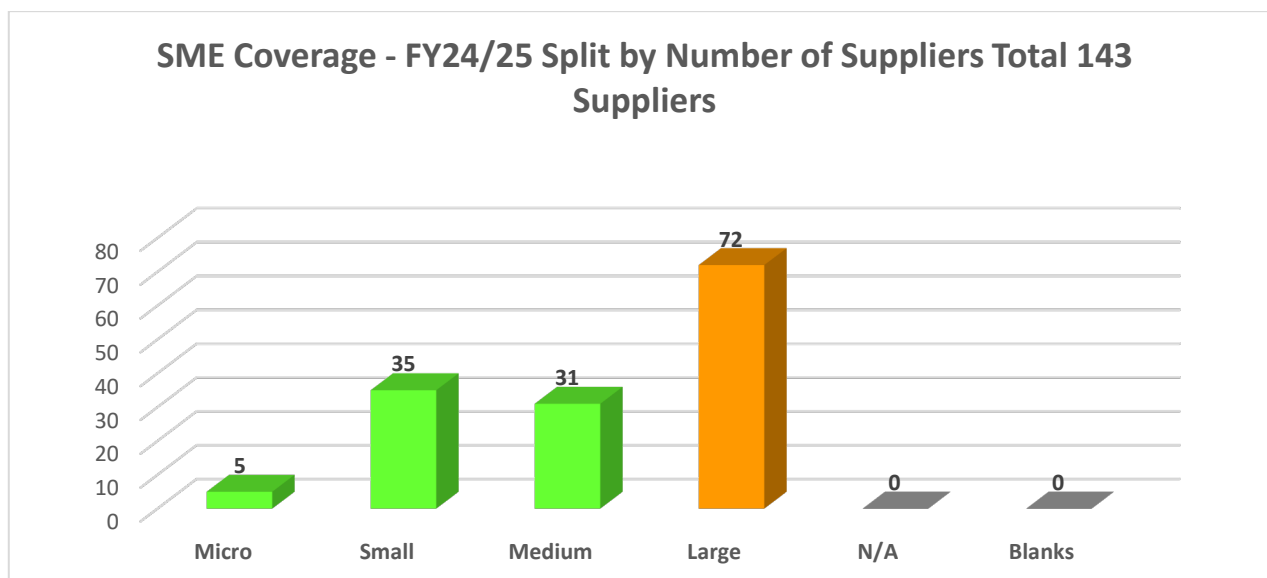
£499,025.73 spend is calculated from suppliers used with no compliant contract in place.

UHI Inverness have identified 11 regulated categories that are non-compliant. 10 categories fall within the Procurement Reform (Scotland) 2014 Act and 1 exceeds the GPA (Government Procurement Agreement) threshold. These have been added to the Forward Contracting Plan for further investigation. A 26% decrease in non-compliant spend categories from last reporting period though this will require continued investigation and action as the spend value remained similar to last reporting period.

Further information is available in Appendix 3 – Non-Compliant Contracts.

Section 3: SME and Supported Businesses Summary

To meet the obligations under the Sustainable Procurement Duty the college is committed to involving Supported businesses, SMEs, and Third Sector Suppliers. To assist us better understand the volume of spend we have with SMEs, the College has been proactively gathering status from the supply base. 57% of suppliers utilised by the college are classified as SME. This figure is a reduction of 3% from last reporting period.



*Table above is based on suppliers with an annual spend profile greater than £1250, which equates to 169 suppliers. These figures are lower than last reporting period primarily due to the supplier rationalisation undertaken to reduce process and administration costs.

Section 4: Forward Contracting

The college is keen to encourage competition by promoting optimal participation in its procurement tender process to achieve better value for money in its projects. One method of achieving this is to give notice to suppliers of tendering opportunities that are expected to commence over the next two financial years after the period covered by this report. This information is published on the APUC website under sectoral Contract Registers.

The college procurement team has participated in the SPD Meet the Buyer North event held in Aberdeen in Sept 2025, this provided an opportunity to update the supply market with insight into future tendering opportunities.

Further Information is available in Appendix 4 – Forward Contract Plan

Section 5: Responsible Procurement Summary

Sustainable Procurement Policy:

The UHI Inverness Sustainable Procurement Policy 2023 to 2026 was approved by the Board of Management in June 2023 and is published on the College website [Sustainable-Procurement-Policy.pdf \(uhi.ac.uk\)](#)

To support the sector's Supply Chain and Ecological Emergency Strategy (SCCEES), in the coming year, procurement along with stakeholders will further develop a 10-year action plan to drive sustainable efficiencies from the supply chain (FNT2030).

This has now been endorsed by the USECEC and the CDN-CEED, and by the Universities Scotland Principals Group and the Colleges' Principals Group.

From Now To 2030 (FNT2030) Updates:

There was slow progress made in FY24/25 against the following categories listed below although under the Estates Category the following is currently in progress:

- The Sustainable Construction Centre at Harbour Road (Continuing in FY25/26)
- Supply of Solar PV & Battery Storage Equipment (Continuing in FY25/26)
- LED's Replacement Lighting (Continuing in FY25/26)
- Carbon Management Team are working on low to no cost energy reduction projects (Continuing in FY25/26)
- Northern Recycling Solutions and UHI Inverness are investigating Waste Compaction Feasibility options (Continuing in FY25/26)
- Liaising and working together with the Advanced Procurement for Universities and Colleges (APUC) and the Environmental Association of Universities and Colleges (EAUC) on FNT2030 Category Action Plans

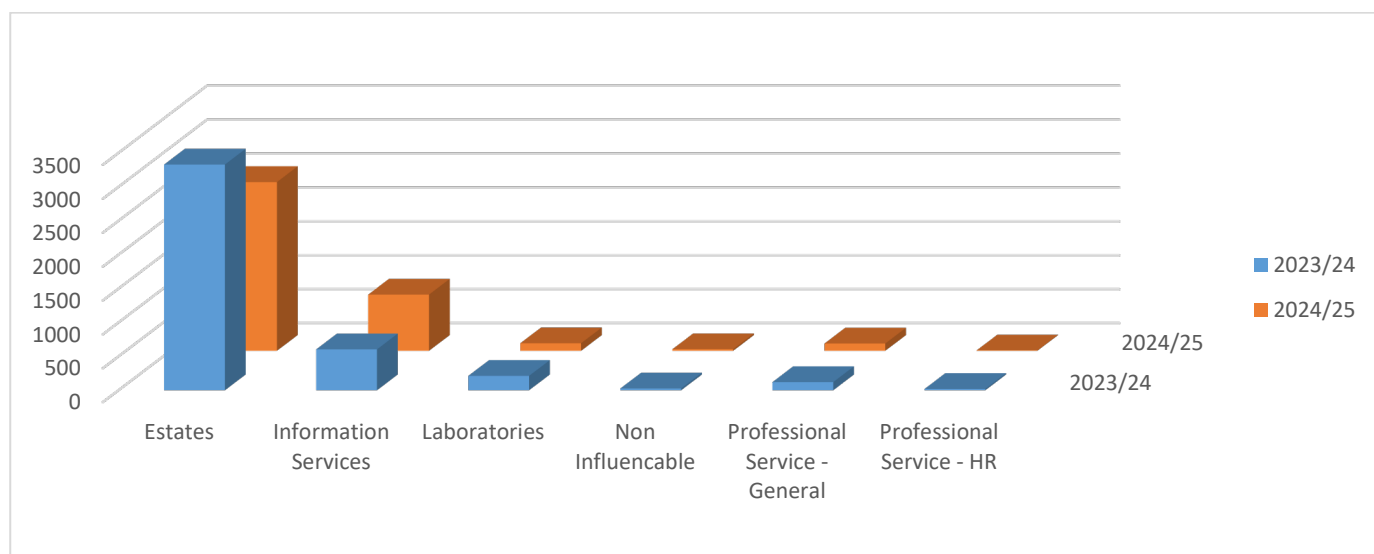
Category	Department
Estates Operations & Development	Estates
Catering	Hospitality, Food & Beverages
Furniture	Estates
Information Technology / Services (IT/S)	ICT
Laboratories	Research
Travel & Transport	Finance
Transport (Vehicle Management)	Estates
Energy and Construction	Estates

Public Bodies Climate Change Report

The Supplier Scope 3 Emissions Report for FY24/25 is now available via the Hunter Contracts Register.

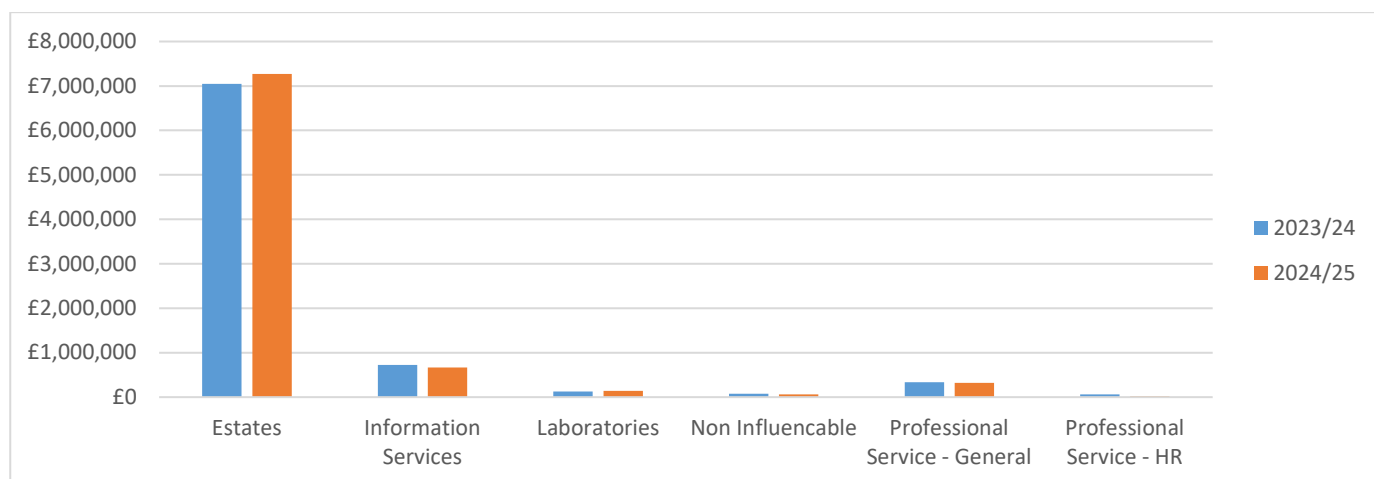
Sum of MTCO ₂	Column Labels				
Row Labels	2023/24	2024/25	Grand Total	Difference from previous year	% Difference from previous year
Estates	3328.791007	2487.955718	5816.746724	▼840.84	▼25.3%
Information Services	603.8631963	829.7733254	1433.636522	▲225.91	▲37.4%
Laboratories	212.4323308	111.9440893	324.37642	▼100.49	▼47.3%
Non Influenceable	26.54851792	23.59853651	50.14705443	▼2.95	▼11.1%
Professional Service - General	120.6067542	107.7428604	228.3496146	▼12.86	▼10.7%
Professional Service - HR	19.28826852	5.462661066	24.75092959	▼13.83	▼71.7%
Grand Total	4311.530075	3566.47719	7878.007265	▼745.05	▼17.3%

Total Emissions per Year FY23/24 & FY24/25



Sum of Total Spend	Column Labels				
Row Labels	2023/24	2024/25	Grand Total	Difference from previous year	% Difference from previous year
Estates	£7,048,547	£7,267,566	£14,316,112	▲ £219,018.99	▲ 3.1%
Information Services	£722,691	£664,689	£1,387,381	▼ -£58,002.44	▼ -8.0%
Laboratories	£128,424	£141,927	£270,352	▲ £13,502.85	▲ 10.5%
Non Influenceable	£75,281	£64,040	£139,321	▼ -£11,240.77	▼ -14.9%
Professional Service - General	£333,581	£324,187	£657,768	▼ -£9,393.83	▼ -2.8%
Professional Service - HR	£58,975	£21,044	£80,019	▼ -£37,931.55	▼ -64.3%
Grand Total	£8,367,500	£8,483,453	£16,850,953	▲ £115,953.25	▲ 1.4%

Spend by Year FY23/24 & FY24/25



Further information is available in Appendix 5 – Detailed Scope 3 Emissions Report for 2024-25

Appendices

The following appendices can be found embedded below for further information -

Appendix 1 – UHI Inverness Savings Report Y2024–25 comprising –

Tab 1: Local Savings

Tab 2: Collaborative Savings

Tab 3: National Framework Savings

Tab 4: BT14 Savings (Sustainability Based Benefits, Living Wage and Carbon Emissions Reduction).

Appendix 2 – Procurement Exercises Completed for UHI Inverness 2024–25

Appendix 3 – Non-Compliant Contracts for UHI Inverness 2024–25

Appendix 4 – Forward Contracting Plan

Appendix 5 – Detailed Scope 3 Emissions Report for 2024-25



Appendices Folder
- Appendices 1 to 5.

Board of Management Meeting

Subject/Title:	Financial Forecast Return 2024/25 to 2027/28
Author:	Niall McArthur, Director of Finance & Estates
Meeting:	Board of Management
Meeting Date:	16 December 2025
Date Paper prepared:	30 October 2025
Brief Summary of the paper:	To present to Board the SFC financial forecast return for 2025 which was sent to SFC on 30 June 2025.
Action requested: [Approval, recommendation, discussion, noting]	Approval

Link to Strategy: Please highlight how the paper links to, or assists with:: <ul style="list-style-type: none"> <input type="checkbox"/> compliance <input type="checkbox"/> partnership services <input type="checkbox"/> risk management <input type="checkbox"/> strategic plan <input type="checkbox"/> new opportunity/change 	
Resource implications:	Yes – monitoring of Financial Resources If yes, please specify:

Risk implications:	Yes If yes, please specify: Financial Operational		
Equality and Diversity implications:	N/A		
Student Experience Impact:	None		
Consultation: [staff, students, UHI & Partners, External] and provide detail	None		
Status – [Confidential/Non confidential]	Non-Confidential		
Freedom of Information Can this paper be included in “open” business* [Yes/No]	Yes		
*If a paper should not be included within “open” business, please highlight below the reason.			
Its disclosure would substantially prejudice a programme of research (S27)		Its disclosure would substantially prejudice the effective conduct of public affairs (S30)	
Its disclosure would substantially prejudice the commercial interests of any person or organisation (s33)		Its disclosure would constitute a breach of confident actionable in court (s36)	
Its disclosure would constitute a breach of the Data Protection Act (s38)		Other (Please give further details)	

Further guidance on application of the exclusions from Freedom of Information legislation is available via

<http://www.itspublicknowledge.info/ScottishPublicAuthorities/ScottishPublicAuthorities.asp>

and http://www.itspublicknowledge.info/web/FILES/Public_Interest_Test.pdf

Purpose of report

To present the Financial Forecast Return (FFR) for 2025, which includes the budget for 2025/26 and the financial forecasts for 2026/27 and 2027/28.

Revenue Budget 2025/26

The revenue budget operating deficit for 2025/26 is £792,000, compared with a budget deficit of £750,000 in 2024/25. In the FFR return, the deficit is reported as £1,180,000 because it includes the estimated costs for the support staff job evaluation exercise.

The main variations in the 2025/26 budget compared to the 2024/25 budget are noted below:

- FE Grant – budget income of £10.310 million compared to £10.148 million in 2024/25, an increase of £162,000. The increase includes assumed additional SFC grant in relation to the additional employers NIC costs, to be announced in the SFC final allocations for 2025/26. Assumed amount is £190,000, which is 48% of additional costs.
- HE grant - budget income of £7.438 million compared to £6.324 million in 2024/25, an increase of £1.114 million. The increase is due to the forecast increase in our HE teaching grant due to the forecast increase in our HE numbers, mainly down to increases in our GA's.
- Tuition fees – budget income of £3.131 million, compared to £3.038 million in 2024/25, an increase of £93,000. The increase relates to the increase in our overall HE numbers.
- Research grants – budget income is £1.246 million compared to £1.332 million in 2024/25, a reduction of £86,000. Overall, research is forecasting a deficit of £72k for 2025/26.
- Refectory income - budget income of £0.634 million, compared to £0.591 million in 2024/25, an increase of £43,000.
- SDS income – budget income of £2.142 million, compared to £2.099 million in 2024/25, an increase of £43,000. The increase relates to new starts for 2025/26 which at this point are only estimates in terms of the amount of funding the college will drawdown from SDS.
- Commercial income – budget income of £0, compared to £147,500 in 2024/25, a decrease of £147,500. Although there is a decrease within commercial income, there is commercial activity/ income within miscellaneous income, include several projects under a number of curriculum areas.
- Miscellaneous income - budget income of £0.877 million, compared to £0.593 million in 2024/25, an increase of £284,000. The increase is due to increased project income and it should be noted that the current forecast income for 2024/25 is over £800,000.
- Staff costs budget of £21.467 million, compared to £19.554 million in 2024/25, an increase of £1.913 million compared to the 2024/25 budget, due to a number of factors noted below:
 - Cost of living increases for staff, at 4.14% - £730,000
 - Increase in employers NIC - £500,000
 - Increase in employers pension contributions – £160,000
 - Estimated support staff Job Evaluation costs - £390,000
- Premises costs – budget costs of £1.933 million, compared to £1.935 million in 2024/25, a decrease of £2,000.

- Other operating costs - budget costs of £7.763 million, compared to £7.742 million in 2024/25, an increase of £21,000.

Board members should be aware that incorporated colleges should seek to set a balanced budget each year. However, the current financial landscape with significant unfunded increases in staff and other costs, along with real term reductions in funding, are making it almost impossible for colleges to move to a more financially sustainable position.

The longer-term outlook for the college financial forecasts is shown in summary form in appendix 2 of the paper. The key points are noted below:

- Operational deficit to reduce over the next 5 years, 2029/30 deficit of £376,000. Any reduction in the EO topslice would help to offset the forecast deficits and return the college to budget break-even/ surplus position.
- Decreasing cash balances over the coming 5 years. Forecast balance at end of 2025/26 is £3.3million, with the cash balance forecast at 2029/30 being £1.3 million.
- Assumed increase of 3% COL in staff costs from 2026/27 to 2029/30.
- Forecast increase in HE numbers over the next 5 years.
- No increase in forecast FE numbers over the next 5 years.

Given the above forecast budget deficit for 2025/26, further work is being undertaken to draft a revised financial strategy for the college. The key element within the strategy will be a plan to move the college from its current forecast budget deficit to a financially sustainable position of at least break-even from a cashflow point of view. This will be achieved through a variety of measures, some of which are set out below:

- The college is currently forecasting to be above its FE target, both in 2024/25 and for 2025/26, in terms of the curriculum plan. Ongoing discussions with UHI/ SFC have been taking place regarding additional FE credit funding being reallocated from the FE sector to the college. No increase has been included in the financial forecasts going forward at this time.
- The college is currently forecasting to be above its APC target for 2024/25 and is forecasting an increase in its HE numbers for 2025/26, mainly due to an increase in graduate apprenticeship numbers, which are forecast to be 332 fte in 2025/26, with the UHI total being 370 fte. Overall, UHI Inverness is now budgeting for the highest amount of HE fte's in the UHI partnership, the figure being 1,582 fte, from a total APC target of 5,069 fte.
- There continues to be discussions around the UHI EO top slice within the UHI Transformation project and the view that it continues to be too high and is diverting FE and HE teaching grant funding which would directly benefit the student experience. Currently, the FE top slice is £0.6 million and the HE top slice is £4.0 million.
- Within staff costs, there has been considerable work undertaken to review and adjust curriculum staffing to ensure it is in line with the curriculum plan for 2025/26. The college will also continue to review fixed term contracts, as well as any current

vacancies and retirements, which could lead to additional savings in staff costs during the coming year and in future years.

- There continues to be work across all areas of the non-staff costs budgets to make savings, with work being carried out by procurement to increase the use of APUC frameworks.
- Within the UHI Transformation project, there is ongoing work related to partnership wide shared services across all the professional services and this has the potential to reduce professional services staff costs in the coming years.
- In terms of the research activity, there is a reduction in research grants of £86,000 compared to the 2024/25 budget, however expenditure has also decreased, and overall, research are currently budgeting for a £72,000 deficit. This will be closely monitored during the year to ensure any variances are dealt with as early as possible.

Financial Forecasts - 2026/27 to 2027/28

The forecast operational deficit for 2026/27 is £1.076 million (which includes the estimated cost of support staff JE costs of £401K), a decrease of £0.117 million compared to the budget deficit for 2025/26, with the operational deficit decreasing further to £0.876 million in 2027/28 (includes £413k of support staff job evaluation costs). The main reasons for the decrease in the operational deficit and assumptions in these 2 years, 2026/27 and 2027/28 are noted below:

- In terms of HE fte, further growth is forecast over the forecast period, mainly relating to increases in GA numbers, amounting to 100 HE fte in 2026/27 and 100 fte in 2027/28.
- No increase has been included for MA income, although the expectation is that there is potential for increases in MA numbers, following the award of additional numbers by SDS for 2025/26.
- For the other income streams, no increases in either volume or price have been included, although across research, commercial and miscellaneous income we are anticipating modest increases in both years.
- Staff costs are forecast to increase by 3% in both years, with staff costs savings through non replacement of vacancies and staff retirements also being built into the forecasts.
- Inflationary increases in non-staff costs across all areas have been offset by savings through increased use of APUC frameworks across a number of areas.

Balance Sheet

Total net assets are forecast to be £19.5 million by 2027/28, with net current liabilities of £2.35 million and a cash balance of £2.1 million forecast by the end of July 2028.

Capital Expenditure

There are two current capital works projects being carried out at the college, one is now completed, with the other project being a work in progress.

The first project is a refurbishment and repurposing of a number of spaces within the main campus building and are noted below. These are being funded through a grant from the college ALF, which has now been closed.

- Total funding of £0.94 million - £0.68 million construction costs and £0.26 million equipment costs.
- Includes the conversion of a staff workroom to a new technology centre, conversion of another staff room to a creative workroom and conversion of two pc suites to a “dirty” workshop.

The second project is for a sustainable construction centre, funded from the sale proceeds of the Longman site.

- Still at the planning stage, as funding still needs to be approved.

Risks Downside

- Continued rise in staff cost of living increases, which continue to be unfunded.
- UHI EO top slice continues to remain at the same level as in previous years.
- The recent public sector final budget for the college sector for 2025/26 and flat funding for the Scottish Funding Council for the foreseeable future.
- Research income continues to be uncertain, with increasing competition for grants within the UK.
- If the costs of Job Evaluation are greater than funding received from SFC, then the College will have to fund these additional costs which will further increase the forecast deficit.
- The HE target may be challenging, although current forecast admission data at present show an increased rate compared to previous years.

Inverness College

	Actual 2023-24	Forecast 2024-25	Forecast 2025-26	Forecast 2026-27	Forecast 2027-28	2023-24 - 2024-25	2024-25- 2025-26	2025-26 - 2026-27	2026-27 - 2027-28	Explanation for variance
Statement of Comprehensive income and expenditure (Consolidated)	£000	£000	£000	£000	£000	%	%	%	%	
INCOME										
Tuition fees and education contracts	4,604	5,049	5,273	5,348	5,474	9.7%	4.4%	1.4%	2.4%	
Funding council/RSB grants	22,483	21,399	22,952	23,367	23,782	-4.8%	7.3%	1.8%	1.8%	
Research grants and contracts	850	1,092	1,246	1,246	1,264	28.5%	14.1%	0.0%	1.4%	
Other income	2,391	1,507	1,391	1,261	1,320	-37.0%	-7.7%	-9.3%	4.7%	
Investment income	181	150	120	100	90	-17.1%	-20.0%	-16.7%	-10.0%	
Total income before donations and endowments	30,509	29,197	30,982	31,322	31,930	-4.3%	6.1%	1.1%	1.9%	
Donations and endowments	0	0	0	0	0					
Total income	30,509	29,197	30,982	31,322	31,930	-4.3%	6.1%	1.1%	1.9%	
EXPENDITURE										
Staff costs	19,194	19,933	21,467	21,750	22,152	3.9%	7.7%	1.3%	1.8%	
Staff costs - exceptional restructuring costs	0	0	0	0	0					
Exceptional costs - non-staff	0	0	0	0	0					
Other operating expenses	7,147	6,765	6,881	6,834	6,840	-5.3%	1.7%	-0.7%	0.1%	
Donation to Arms Length Foundation	0	0	0	0	0					
Depreciation	1,394	1,000	1,000	1,000	1,000	-28.3%	0.0%	0.0%	0.0%	
Interest and other finance costs	2,616	2,814	2,814	2,814	2,814	7.6%	0.0%	0.0%	0.0%	
Total expenditure	30,351	30,512	32,162	32,398	32,806	0.5%	5.4%	0.7%	1.3%	
Surplus/(deficit) before other gains and losses and share of operating surplus/deficit of joint ventures and associates	158	(1,315)	(1,180)	(1,076)	(876)	-932.3%	-10.3%	-8.8%	-18.6%	
Gain/(loss) on disposal of fixed assets	(467)	0	0	0	0	-100.0%				
Gain/(loss) on investments	0	0	0	0	0					
Share of operating surplus/(deficit) in joint venture(s)	0	0	0	0	0					
Share of operating surplus/(deficit) in associate(s)	0	0	0	0	0					
Surplus/(deficit) before tax	(309)	(1,315)	(1,180)	(1,076)	(876)	325.6%	-10.3%	-8.8%	-18.6%	
Other taxation	0	0	0	0	0					
Surplus/(deficit) for the year	(309)	(1,315)	(1,180)	(1,076)	(876)	325.6%	-10.3%	-8.8%	-18.6%	
Unrealised surplus on revaluation of land and buildings	2,720	0	0	0	0	-100.0%				
Actuarial (loss)/gain in respect of pension schemes	1,738	0	0	0	0	-100.0%				
Other comprehensive income	0	0	0	0	0					
Total comprehensive income for the year	4,149	(1,315)	(1,180)	(1,076)	(876)	-131.7%	-10.3%	-8.8%	-18.6%	

Inverness College

INCOME		Actual	Forecast	Forecast	2023-24 -	2024-25-	Explanation for variance
		2023-24	2024-25	2025-26	2024-25	2025-26	
		£000	£000	£000	%	%	
1 Tuition fees and education contracts							
	a) FE - UK	130	165	180	27%	9%	
	b) FE - EU	6	10	15	67%	50%	
	c) HE	2,441	2,620	2,738	7%	5%	
	d) Non-EU	179	195	210	9%	8%	
	e) SDS contracts	1,848	2,059	2,130	11%	3%	
	f) Education contracts	0	0	0			
	g) Other	0	0	0			
	Total tuition fees and education contracts	4,604	5,049	5,273	10%	4%	
2 SFC / RSB Grants							
	a) SFC / RSB FE recurrent grant (including fee waiver)	9,758	10,041	10,200	3%	2%	
	b) UHI recurrent grant - HE provision	5,080	5,600	6,938	10%	24%	
	c) FE Childcare funds	84	0	0	(100%)		
	d) Release of SFC / RSB deferred capital grants	1,680	300	300	(82%)	0%	
	e) SFC capital grant	104	104	110	0%	6%	
	f) SFC grant for NPD	5,057	4,904	4,904	(3%)	0%	
	g) Other SFC / RSB grants - FE provision	146	0	0	(100%)		
	h) Other UHI grants - HE provision	574	450	500	(22%)	11%	
	Total SFC / RSB Grants	22,483	21,399	22,952	(5%)	7%	
3 Research grants and contracts							
	a) European Commission	850	1,092	1,246	28%	14%	
	b) Other grants and contracts	0	0	0			
	Total research grants and contracts	850	1,092	1,246	28%	14%	
4 Other Income							
	a) Catering and residences	631	690	634	9%	(8%)	
	b) Other European Income	0	0	0			
	c) Other income generating activities	513	147	0	(71%)	(100%)	
	d) Grants from ALF	0	0	0			
	i) Revenue	0	0	0			
	II) Capital	0	0	0			
	e) Non-government capital grant	0	0	0			
	f) Other grant income	0	0	0			
	g) Release of non-SFC government deferred capital grant	0	0	0			
	h) Other income	1,247	670	757	(46%)	13%	
	Total other income	2,391	1,507	1,391	(37%)	(8%)	
5 Investment income							
	a) Investment income on endowments	0	0	0			
	b) Investment income on restricted reserves	0	0	0			
	c) Other investment income	0	0	0			
	d) Other interest receivable	181	150	120	(17%)	(20%)	
	e) Net return on pension scheme	0					
	Total investment income	181	150	120	(17%)	(20%)	
6 Donations and endowment income							
	a) New endowments	0	0	0			
	b) Donations with restrictions	0	0	0			
	c) Unrestricted donations	0	0	0			
	Total donation and endowment income	0	0	0			

Inverness College
EXPENDITURE

		Actual 2023-24	Forecast 2024-25	Forecast 2025-26	2023-24 - 2024-25	2024-25- 2025-26	Explanation for variance
STAFF COSTS		£000	£000	£000	%	%	
1	Teaching departments	10,795	11,145	11,988	3%	8%	
2	Teaching support services	1,726	1,780	1,905	3%	7%	
3	Other support services	1,067	1,095	1,185	3%	8%	
4	Administration and central services	4,596	4,710	5,095	2%	8%	
5	Premises	417	410	445	(2%)	9%	
6	Catering and residences	395	415	460	5%	11%	
7	Other income generating activities	0	0	0			
8	Other staff costs including Job Evaluation costs	0	378	389		3%	
9	Impact of FRS 102 pensions reported costs (less contributions paid included above)	198					
Normal staff costs		19,194	19,933	21,467	4%	8%	
10	Exceptional restructuring costs	0	0	0			
Total staff costs		19,194	19,933	21,467	4%	8%	
Additional breakdown of staff costs							
Salaries		14,195	14,775	15,788	4%	7%	
Social security costs		1,541	1,620	1,990	5%	23%	
Pension contributions		3,135	3,160	3,300	1%	4%	
Non-cash pension adjustments - net service cost		198					
Non-cash pension adjustments - early retirement provision		125					
Severance payments		0	0	0			
Total staff costs		19,194	19,555	21,078	2%	8%	
NON-STAFF COSTS							
1 Exceptional costs - non-staff		0	0	0			
2 Other operating expenses							
a)	Teaching departments	1,931	2,145	2,205	11%	3%	
b)	Teaching support services	0	0	0			
c)	Other support services	66	85	85	29%	0%	
d)	Administration and central services	1,180	1,495	1,526	27%	2%	
e)	General education	0	0	0			
f)	Premises	2,928	2,045	2,055	(30%)	0%	
(i)	Maintenance	976	720	720	(26%)	0%	
(ii)	Utilities	917	775	795	(15%)	3%	
(iii)	Other	1,035	550	540	(47%)	(2%)	
g)	Catering and residences	435	475	480	9%	1%	
h)	Other income generating activities	523	520	530	(1%)	2%	
i)	Overspend on student support funds *	0	0	0			
j)	Planned maintenance	0	0	0			
k)	Movement on early retirement pension provision	0	0	0			
l)	NPD	0	0	0			
m)	Other	84	0	0	(100%)		
Total other operating expenses		7,147	6,765	6,881	(5%)	2%	
3 Depreciation							
a)	Government funded assets	0	0	0			
b)	Non-government funded assets	0	0	0			
c)	NPD funded assets	1,394	1,000	1,000	(28%)	0%	
Total depreciation		1,394	1,000	1,000	(28%)	0%	
4 Interest							
a)	On bank loans, overdrafts and other loans	0	0	0			
b)	Finance lease interest	0	0	0			
c)	Other	0	0	0			
d)	Net charge on pension scheme	(242)			(100%)		
e)	NPD interest	2,858	2,814	2,814	(2%)	0%	
Total interest		2,616	2,814	2,814	8%	0%	

* Includes any overspend on bursaries, discretionary funds, and student funds received from SAAS, but excludes childcare funds.

Inverness College

	Actual 2023-24 £000	Forecast 2024-25 £000	Forecast 2025-26 £000	Forecast 2026-27 £000	Forecast 2027-28 £000	2023-24 - 2024-25 %	2024-25- 2025-26 %	2025-26 - 2026-27 %	2026-27 - 2027-28 %	Explanation for variance
ADJUSTED OPERATING RESULT										
Surplus/(deficit) before other gains and losses and share of operating surplus/deficit of joint ventures and associates	158	(1,315)	(1,180)	(1,076)	(876)					
Add:										
Total depreciation (Government-funded, privately funded and NPD-funded assets) net of deferred capital grant release (<i>incorporated colleges only</i>)	(286)	700	700	700	700	-344.8%	0.0%	0.0%	0.0%	
Exceptional non-restructuring items (e.g. impairment costs)	0	0	0	0	0					
Donation to Arms-Length Foundation (incorporated colleges only)	0	0	0	0	0					
Non-cash pension adjustment - net service cost	198									
Non-cash pension adjustment - ERP	125									
Non-cash pension adjustment - net interest costs	(242)									
Costs of support staff and middle management job evaluation exercise not matched by revenue	367	378	389	401	413					
Deduct:										
Non-Government capital grants (e.g. ALF capital grant)	0	0	0	0	0					
Exceptional income (if disclosed as exceptional in accounts)	0	0	0	0	0					
Revenue budget allocated to loan repayments and other capital items (<i>incorporated colleges only</i>)	941	817	817	817	817	-13.2%	0.0%	0.0%	0.0%	
NPD payments to reduce NPD balance sheet debt	0	0	0	0	0					
Adjusted operating result	(621)	(1,054)	(908)	(792)	(580)	69.7%	-13.9%	-12.8%	-26.8%	
Revenue budget allocated to non-revenue expenditure (<i>incorporated colleges</i>):										
Loan repayments	0	0	0	0	0					
NPD / PFI repayments	0	817	817	817	817					
Estates costs	0	0	0	0	0					
Provisions pre 1 April 2014	0	0	0	0	0					
0	0	817	817	817	817					

Balance Sheet		Actual 2023-24	Forecast 2024-25	Forecast 2025-26	Forecast 2026-27	Forecast 2027-28	2023-24 - 2024-25	2024-25- 2025-26	2025-26 - 2026-27	2026-27 - 2027-28	Explanation for variance
		£000	£000	£000	£000	£000	%	%	%	%	
1 Non-current assets	a) Intangible assets	0	0	0	0	0					
	b) Fixed assets	57,869	57,465	56,943	55,429	53,779	-0.7%	-0.9%	-2.7%	-3.0%	
	c) Investments	0	0	0	0	0					
Total non-current assets		57,869	57,465	56,943	55,429	53,779	-0.7%	-0.9%	-2.7%	-3.0%	
2 Current assets	a) Stock	51	51	51	51	51	0.0%	0.0%	0.0%	0.0%	
	b) Debtors	1,199	1,199	1,199	1,199	1,199	0.0%	0.0%	0.0%	0.0%	
	c) Investments	0	0	0	0	0					
	d) Cash and cash equivalents	8,619	5,000	3,300	2,600	2,100	-42.0%	-34.0%	-21.2%	-19.2%	
	e) Other (e.g. assets for resale)	0	0	0	0	0					
Total current assets		9,869	6,250	4,550	3,850	3,350	-36.7%	-27.2%	-15.4%	-13.0%	
3 Creditors: amounts falling due within one year	a) Bank loans and external borrowing	0	0	0	0	0					
	b) Bank overdrafts	0	0	0	0	0					
	c) Lennartz creditor	0	0	0	0	0					
	d) Obligations under finance leases and service concessions	0	0	0	0	0					
	e) Payments received in advance	1,694	1,094	1,094	1,094	1,094	-35.4%	0.0%	0.0%	0.0%	
	f) Amounts owed to SFC	0	0	0	0	0					
	g) Obligations under PFI/NPD	1,033	1,033	1,033	1,033	1,033	0.0%	0.0%	0.0%	0.0%	
	h) Deferred capital grant	440	300	300	300	300	-25.3%	0.0%	0.0%	0.0%	
	i) Other creditors and accruals	4,385	3,275	3,275	3,275	3,275	-24.5%	0.0%	0.0%	0.0%	
Total creditors < 1year		7,552	5,702	5,702	5,702	5,702					
Share of net assets/(liabilities) in associate		0	0	0	0	0					
NET CURRENT ASSETS/LIABILITIES		2,317	548	(1,152)	(1,852)	(2,352)	-76.3%	-310.2%	60.8%	27.0%	
TOTAL ASSETS LESS CURRENT LIABILITIES		60,186	58,013	55,791	53,577	51,427	-3.6%	-3.8%	-4.0%	-4.0%	
4 Creditors: amounts falling due after more than one year	a) Local authority loans	0	0	0	0	0					
	b) Bank loans and external borrowing	0	0	0	0	0					
	c) Lennartz creditor	0	0	0	0	0					
	d) Finance leases and service concessions	0	0	0	0	0					
	e) Obligations under PFI/NPD	32,797	31,857	30,726	29,487	28,100	-2.9%	-3.6%	-4.0%	-4.7%	
	f) Deferred capital grant	6,296	6,000	5,700	5,400	5,100					
	g) Amounts repayable to Funding Council	0	0	0	0	0					
	h) Other creditors	0	0	0	0	0					
Total creditors >1 year		39,093	37,857	36,426	34,887	33,200	-3.2%	-3.8%	-4.2%	-4.8%	
5 Provisions	a) Pension provisions	-4,922	-4,922	-4,922	-4,922	-4,922	0.0%	0.0%	0.0%	0.0%	
	b) Other	2,020	2,398	2,787	3,188	3,601	18.7%	16.2%	14.4%	13.0%	
Total provisions		(2,902)	(2,524)	(2,135)	(1,734)	(1,321)	-13.0%	-15.4%	-18.8%	-23.8%	
TOTAL NET ASSETS		23,995	22,680	21,500	20,424	19,548	-5.5%	-5.2%	-5.0%	-4.3%	
9 Restricted Reserves	a) Endowment Reserve	0	0	0	0	0					
	b) Restricted Reserve	0	0	0	0	0					
10 Unrestricted reserves	a) Income and Expenditure Reserve	8,768	7,453	6,273	5,197	4,321	-15.0%	-15.8%	-17.2%	-16.9%	
	b) Revaluation reserve	15,227	15,227	15,227	15,227	15,227	0.0%	0.0%	0.0%	0.0%	
11 Non-controlling interest		0	0	0	0	0					
TOTAL RESERVES		23,995	22,680	21,500	20,424	19,548	-5.5%	-5.2%	-5.0%	-4.3%	

Liquidity Analysis

		Actual 2023-24	Forecast 2024-25	Forecast 2025-26	Forecast 2026-27	Forecast 2027-28	2023-24 - 2024-25	2024-25 - 2025-26	2025-26 - 2026-27	2026-27 - 2027-28
		£000	£000	£000	£000	£000	%	%	%	%
1 Current assets	a) Stock	51	51	51	51	51	0.0%	0.0%	0.0%	0.0%
	b) Debtors	1,199	1,199	1,199	1,199	1,199	0.0%	0.0%	0.0%	0.0%
	c) Investments	0	0	0	0	0				
	d) Cash and cash equivalents	8,619	5,000	3,300	2,600	2,100	-42.0%	-34.0%	-21.2%	-19.2%
Total current assets		9,869	6,250	4,550	3,850	3,350	-36.7%	-27.2%	-15.4%	-13.0%
2 Creditors: amounts falling due within one year excl Deferred Capital Grants	a) Bank loans and external borrowing	0	0	0	0	0				
	b) Bank overdrafts	0	0	0	0	0				
	c) Lennartz creditor	0	0	0	0	0				
	d) Obligations under finance leases and service concessions	0	0	0	0	0				
	e) Payments received in advance	1,694	1,094	1,094	1,094	1,094	-35.4%	0.0%	0.0%	0.0%
	f) Amounts owed to SFC	0	0	0	0	0				
	g) Obligations under PFI/NPD (unfunded only)	0	0	0	0	0				
	h) Other creditors and accruals	4,385	3,275	3,275	3,275	3,275	-25.3%	0.0%	0.0%	0.0%
Total creditors < 1year excl Deferred Capital Grants		6,079	4,369	4,369	4,369	4,369	-28.1%	0.0%	0.0%	0.0%
Liquidity position (baseline cash)		3,790	1,881	181	(519)	(1,019)	-50.4%	-90.4%	-386.7%	96.3%
Liquidity ratio		1.62	1	1	1	1				
ADDITIONAL INFORMATION										
Longer Term Obligations under PFI / NPD (Unfunded Only)		0	0	0	0	0				
Other Longer Term Liabilities in Balance Sheet resulting in cash outflows		0	0	0	0	0				
Other Cash Commitments not included in Balance Sheet		0	0	0	0	0				
Liquidity position less Longer Term Cash Liabilities/Commitments		3,790	1,881	181	(519)	(1,019)	-50.4%	-90.4%	-386.7%	96.3%

Inverness College	Actual 2023-24 £000	Forecast 2024-25 £000	Forecast 2025-26 £000	Forecast 2026-27 £000	Forecast 2027-28 £000	2023-24 - 2024-25 %	2024-25- 2025-26 %	2025-26 - 2026-27 %	2026-27 - 2027-28 %	Explanation for variance
Cashflow										
1 Cash flow from operating activities										
a) Surplus / (deficit) for the year	-309	-1315	-1180	-1076	-876	326%	(10%)	(9%)	(19%)	
2 Adjustment for non-cash items										
a) Depreciation	1,394	1,000	1,000	1,000	1,000	(28%)	0%	0%	0%	
b) Amortisation of intangibles	(44)	0	0	0	0	(100%)				
c) Benefit on acquisition	0	0	0	0	0					
d) Amortisation of goodwill	0	0	0	0	0					
e) Loss / (gain) on investments	0	0	0	0	0					
f) Decrease / (increase) in stock	(3)	0	0	0	0	(100%)				
g) Decrease / (increase) in debtors	(50)	0	0	0	0	(100%)				
h) Increase / (decrease) in creditors	523	(1,710)	0	0	0	(427%)	(100%)			
i) Increase / (decrease) in pension provision	347	0	0	0	0	(100%)				
j) Increase / (decrease) in other provisions	0	(177)	(3)	193	193		(98%)	(6533%)	0%	
k) Receipt of donated equipment	0	0	0	0	0					
l) Share of operating surplus / (deficit) in joint venture	0	0	0	0	0					
m) Share of operating surplus / (deficit) in associate	0	0	0	0	0					
n) Other	0	0	0	0	0					
Total adjustment for non-cash items	2,167	(887)	997	1,193	1,193	(141%)	(212%)	20%	0%	
3 Adjustment for investing or financing activities										
a) Investment income	(181)	(150)	(120)	(100)	(90)	(17%)	(20%)	(17%)	(10%)	
b) Interest payable	2,616	2,814	2,814	2,814	2,814	8%	0%	0%	0%	
c) Endowment income	0	0	0	0	0					
d) Loss / (gain) on the sale of assets	0	0	0	0	0					
e) Capital grant income	0	0	0	0	0					
Total adjustment for investing or financing activities	2,435	2,664	2,694	2,714	2,724	9%	1%	1%	0%	
4 Net cash inflow from operating activities	4,293	462	2,511	2,831	3,041	(89%)	444%	13%	7%	
5 Cash flow from investing activities										
a) Proceeds from sales of fixed assets	1,240	0	0	0	0	(100%)				
b) Proceeds from sales of intangible assets	0	0	0	0	0					
c) Capital grants receipts	0	0	0	0	0					
d) Disposal of non-current asset investments	0	0	0	0	0					
e) Withdrawal of deposits	0	0	0	0	0					
f) Investment income	181	150	120	100	90	(17%)	(20%)	(17%)	(10%)	
g) Payments made to acquire fixed assets	(312)	(600)	(700)	0	0	92%	17%	(100%)		
h) Payments made to acquire intangible assets	0	0	0	0	0					
i) New non-current asset investments	0	0	0	0	0					
j) New deposits	0	0	0	0	0					
Total cash flows from investing activities	1,109	(450)	(580)	100	90	(141%)	29%	(117%)	(10%)	
6 Cash flows from financing activities										
a) Interest paid	242	0	0	0	0	(100%)				
b) Interest element of finance lease and service concession	(2,859)	(2,814)	(2,814)	(2,814)	(2,814)	(2%)	0%	0%	0%	
c) Endowment cash received	0	0	0	0	0					
d) New secured loans	0	0	0	0	0					
e) New unsecured loans	0	0	0	0	0					
f) Repayments of amounts borrowed	(941)	(817)	(817)	(817)	(817)	(13%)	0%	0%	0%	
g) Capital element of finance lease and service concession payments	0	0	0	0	0					
Total cash flows from financing activities	(3,558)	(3,631)	(3,631)	(3,631)	(3,631)	2%	0%	0%	0%	
7 (Decrease) / increase in cash and cash equivalents in the year	1,844	(3,619)	(1,700)	(700)	(500)	(296%)	(53%)	(59%)	(29%)	
8 Cash and cash equivalents at beginning of the year	6,775	8,619	5,000	3,300	2,600	27%	(42%)	(34%)	(21%)	
9 Cash and cash equivalents at the end of the year	8,619	5,000	3,300	2,600	2,100	(42%)	(34%)	(21%)	(19%)	

Inverness College
FINANCIAL SUMMARY

	Actual 2023-24 £000	Forecast 2024-25 £000	Forecast 2025-26 £000	Forecast 2026-27 £000	Forecast 2027-28 £000
Income ratios					
Total Income	30,509	29,197	30,982	31,322	31,930
Total Funding Council Grant as % of Total Income	74%	73%	74%	75%	74%
Total non-Funding Council Grant as % of Total Income	26%	27%	26%	25%	26%
Total Education Contracts and Tuition Fees as % of Total Income	15%	17%	17%	17%	17%
Total Research Grants and Contracts as % of Total Income	3%	4%	4%	4%	4%
Total Other Income as % of Total Income	8%	5%	4%	4%	4%
Expenditure ratios					
Total Expenditure	30,351	30,512	32,162	32,398	32,806
Salaries as % of Total Expenditure	63%	65%	67%	67%	68%
Other operating costs as % of Total Expenditure	24%	22%	21%	21%	21%
Depreciation/amortisation as % of Total Expenditure	5%	3%	3%	3%	3%
Operating position					
Operating Surplus/(deficit)	158	(1,315)	(1,180)	(1,076)	(876)
Operating Surplus/(deficit) as % of Total Income	1%	-5%	-4%	-3%	-3%
Adjusted operating surplus/(deficit)	-621	-1,054	-908	-792	-580
Adjusted operating surplus/(deficit) as % of Total Income	-2.0%	-3.6%	-2.9%	-2.5%	-1.8%
Cash Position					
Cash and Current Asset Investments	8,619	5,000	3,300	2,600	2,100
Overdrafts	0	0	0	0	0
Days Ratio of Cash to Total Expenditure	109	62	39	30	24
Net cash inflow/(outflow) from operating activities	4,293	462	2,511	2,831	3,041
Net cash inflow/(outflow) from operating activities as % of Total Income	14.1%	1.6%	8.1%	9.0%	9.5%
Balance Sheet strength					
Unrestricted reserves	8,768	7,453	6,273	5,197	4,321
Liquidity ratio	1.62	1.43	1.04	0.88	0.77
Unrestricted reserves as % of Total Income	29%	26%	20%	17%	14%
Total borrowing (Overdrafts, Loans, Finance Leases, PFI/NPD)	33,830	32,890	31,759	30,520	29,133
Interest cover	1.06	0.53	0.58	0.62	0.69

Board of Management

Subject/Title:	Audited Financial Statements for the Year-Ended 31 July 2025
Author:	Niall McArthur – Director of Finance and Estates
Meeting:	Board of Management
Meeting Date:	16 December 2025
Date Paper prepared:	12 December 2025
Brief Summary of the paper:	<p>To present the audited financial statements for the year ended 31 July 2025.</p> <p>The Joint Audit and FGPC meeting held on 9 December 2025 recommended the financial statements for approval to Board of Management, subject to there being no further significant changes made to the financial statements.</p>
Action requested: [Approval, recommendation, discussion, noting]	Approval

Link to Strategy: Please highlight how the paper links to, or assists with:: <input type="checkbox"/> compliance <input type="checkbox"/> partnership services <input type="checkbox"/> risk management <input type="checkbox"/> strategic plan <input type="checkbox"/> new opportunity/change	Financial sustainability		
Resource implications:	Yes – monitoring of Financial Resources If yes, please specify:		
Risk implications:	Yes If yes, please specify: Financial Operational		
Equality and Diversity implications:	N/A		
Student Experience Impact:	None		
Consultation: [staff, students, UHI & Partners, External] and provide detail	None		
Status – [Confidential/Non confidential]	Non-Confidential		
Freedom of Information Can this paper be included in “open” business* [Yes/No]	Yes		
*If a paper should not be included within “open” business, please highlight below the reason.			
Its disclosure would substantially prejudice a programme of research (S27)		Its disclosure would substantially prejudice the effective conduct of public affairs (S30)	
Its disclosure would substantially prejudice the commercial interests of any person or organisation (s33)		Its disclosure would constitute a breach of confident actionable in court (s36)	
Its disclosure would constitute a breach of the Data Protection Act (s38)		Other (Please give further details)	

Further guidance on application of the exclusions from Freedom of Information legislation is available via

<http://www.itspublicknowledge.info/ScottishPublicAuthorities/ScottishPublicAuthorities.asp>

and

http://www.itspublicknowledge.info/web/FILES/Public_Interest_Test.pdf

Recommendation

The Board approve the audited financial statements for the year ended 31 July 2025 and that Deloitte have provided an unqualified opinion for the financial statements.

Purpose of report

To present the audited financial statements for year ended 31 July 2025 to the Board for approval.

Income & Expenditure Account Summary

The deficit before other gains and losses for 2024/25 was £0.843 million, compared to the surplus of £0.157 million in 2023/24. The reason for the increased deficit in 2024/25 compared to the surplus for 2023/24 is due to a deferred grant adjustment in 2023/34 relating to the sale of the Longman site.

Total income for the year was £30.097 million (2023/24 - £30.509 million), with expenditure of £30.940 million (2023/24 - £30.352 million). Total expenditure costs for the year were £30.940 million, compared to £30.352 million the previous year, an increase of £0.588 million. The main reason for the increase in expenditure was due to staff costs, which increased by £0.753 million or 3.9% and was due to the unfunded pay increases for 2024/25, as well as the increase in the employers NIC's during the year. Other operating costs actually decreased by £0.220 million or 3% compared to the previous year.

The overall total comprehensive income for the year was a deficit of £7.724 million, compared to a surplus of £4.148 million the previous year, which was due to the actuarial loss in respect of pensions of £6.881 million, compared to the actuarial gain of £1.738 million in 2023/24.

The underlying position for the college, called the adjusted operating position (AOP) by SFC, for 2024/25 was a deficit of £1.091 million, compared to a deficit of £0.621 million in the previous year. The calculation for this is shown on page 16 of the financial statements, and is the adjusted surplus/ deficit figure in the accounts, after stripping out the pension, depreciation and deferred grant adjustments, which are non-cash items, as well as other items.

Balance Sheet Summary

The total net asset position at the end of 2024/25 was £16.270 million, compared to £23.994 million in the previous year, a decrease of £7.724 million. The decrease was mainly due to the actuarial loss in respect of pensions of £6.881 million, compared to the actuarial gain of £1.738 million in 2023/24.

In terms of the other key balance sheet items, these are noted below:

- Fixed assets, which include the main campus building and the school of forestry buildings, plus college equipment, reduced from £57.869 million to £57.081 million, a reduction of £0.788 million, which is due to the depreciation charge for the year of £1.612 million, offset by additions made during the year of £0.825 million.
- Current assets reduced from £9.869 million to £5.778 million, a reduction of £4.091 million and was mainly due to a reduction in the college cash balance, reducing from £8.619 million to £4.755 million.
- Creditors due within 1 year have decreased by £2.671 million, from £7.552 million in 2023/24 to £4.881 million in 2024/25. The main reason for this is a reduction in accruals and deferred income.
- Creditors due after 1 year have decreased by £1.438 million, from £39.093 million to £37.655 million. The main reason for the decrease is the reduction in the NPD creditor.
- Provisions have decreased from an asset of £2.902 million in 2023/24 to a liability of £4.052 million, a movement of £6.954 million. This is mainly due to the movement of the pension asset to zero, which is related to the asset ceiling being in place. A note on the asset ceiling is included below and is included in the financial statements on page 59.

LGPS – Pension Asset/ Liability

Where the defined benefit liability is negative, i.e. an asset, a limit is applied to the amount that may be recognised as an asset on the balance sheet, this limit is termed “the asset ceiling”. If an adjustment is required to reduce the total asset to the amount of the asset ceiling, the amount is included within other comprehensive income.

Year-end Cash Balances & Net Current Assets

Overall, the college end of year bank balance decreased from £8.619 million to £4.755 million, a decrease of £3.864 million. The main reason for the decrease was the operational deficit for 2024/25 and the back pay for both lecturing and professional staff being paid during 2024/25. The college also reported net current assets of £0.896 million compared to £2.317 million in 2023/24, a decrease of £1.421 million.

Student Support Funding Summary

Overall, the college received £2.374 million of student support funds for 2024/25, with total expenditure being £2.087 million, an underspend of £0.287 million. This will be recovered by the SFC during the 2025/26 academic year.

Board of Management

Subject/Title:	External Auditor's Annual Report for 2024/25
Author:	Niall McArthur – Director of Finance and Estates
Meeting:	Board of Management
Meeting Date:	16 December 2025
Date Paper prepared:	12 December 2025
Brief Summary of the paper:	The College's External Auditors prepared an annual report on their audit of the financial statements for the year-ended 31 July 2025. A copy of their report is attached, which includes an unmodified opinion on the college financial statements.
Action requested: [Approval, recommendation, discussion, noting]	Approval

Link to Strategy: Please highlight how the paper links to, or assists with:: <input type="checkbox"/> compliance <input type="checkbox"/> partnership services <input type="checkbox"/> risk management <input type="checkbox"/> strategic plan <input type="checkbox"/> new opportunity/change	N/A		
Resource implications:	N/A If yes, please specify:		
Risk implications:	If yes, please specify: Financial – Yes Operational – Yes Organisational - Yes		
Equality and Diversity implications:	N/A		
Student Experience Impact:	None		
Consultation: [staff, students, UHI & Partners, External] and provide detail	None		
Status – [Confidential/Non confidential]	Non-Confidential		
Freedom of Information Can this paper be included in “open” business* [Yes/No]	Yes		
*If a paper should not be included within “open” business, please highlight below the reason.			
Its disclosure would substantially prejudice a programme of research (S27)		Its disclosure would substantially prejudice the effective conduct of public affairs (S30)	
Its disclosure would substantially prejudice the commercial interests of any person or organisation (s33)		Its disclosure would constitute a breach of confident actionable in court (s36)	
Its disclosure would constitute a breach of the Data Protection Act (s38)		Other (Please give further details)	

Further guidance on application of the exclusions from Freedom of Information legislation is available via

<http://www.itspublicknowledge.info/ScottishPublicAuthorities/ScottishPublicAuthorities.asp> and

http://www.itspublicknowledge.info/web/FILES/Public_Interest_Test.pdf

Recommendation

That the Board of Management approve the external auditor's annual report on the financial statements for the year-ended 31 July 2025.

Purpose of report

To provide the Board of Management with the external auditors draft report on the annual audit of the college for the year ended 31 July 2025.

External Audit Annual Report

The college external auditors, Deloitte, produce a report on the audit of the College's financial statements and other areas that are reviewed under their audit for the year ended 31 July 2025.

The key sections of their report and what they contain are noted below:

- Annual Report and Accounts – highlights the quality indicators which Deloitte consider in assessing the reliability of our financial reporting and provide context for other messages in this report, a summary of the audit work carried out, highlights the significant risks, reviews the control environment and the findings, highlights the overall audit report and the college annual report and accounts.
- Wider scope audit – provides details of the work carried out in a number of areas.
- Included in the appendices are details of the control findings, the audit adjustments, Deloitte's other responsibilities and the statement on independence and audit fees.

Overall, the audit report concludes that subject to the remaining audit work being completed by the required deadline, Deloitte expect to issue an unmodified audit report.



Inverness College

Status Update report to the Audit Committee on the 2024/25 audit

02 December 2025

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Partner introduction

The key messages in this report

Introduction

I have pleasure in presenting our report to the Audit Committee (“the Committee”) of Inverness College (“the College”) for the 2024/25 audit. The report summarises our status, findings and certain conclusions in relation to the audit of the Annual Report and Accounts and the wider scope requirements, the scope of which was set out within our planning report issued to the Committee in May 2025.

Conclusions from our testing

Based on our audit work to date, we expect to issue an unmodified audit report.

Our work in connection with the Annual Report and Accounts is ongoing and we continue to work with management to address observations.

Significant risks

In our planning report we identified operating within funding provided, property valuations and management override of controls as significant risks, a summary of our work is presented on [page 6](#).

A summary of the uncorrected misstatements identified are included in the appendix to this report, as set out on [page 25](#). Following the finalisation of our review of the Annual Report and Accounts we will confirm disclosure deficiencies as relevant.

We have identified four control observations in the current year and concluded one of the findings from the prior year remains open.

Areas of audit focus

Pension reporting: Our audit of pension related balance is ongoing.

Outstanding matters

The appendices contain a list of outstanding items on [page 28](#), that Deloitte and management are actively addressing.

Wider scope

Against rising costs Inverness College faces financial sustainability challenges, the position is well understood and managed by the College, operating from a sound financial management platform and budgetary process.

Added value

Our aim is to add value to the Board by providing insight into, and offering foresight on, financial sustainability, risk and performance by identifying areas for improvement and recommending and encouraging good practice. In so doing, we aim to help the Board promote improved standards of governance, better management and decision making, and more effective use of resources. This is provided throughout the report.









Sarah McGavin
Audit Partner

Quality indicators

 Lagging
  Developing
  Mature

Impact on the execution of our audit

Management and those charged with governance are in a position to influence the effectiveness of our audit, through timely formulation of judgements, provision of accurate information, and responsiveness to issues identified in the course of the audit. This page summarises some key metrics related to your control environment which can significantly impact the execution of the audit. We consider these metrics important in assessing the reliability of your financial reporting and provide context for other messages in this report.

Area	Grading	Reason	Further detail
Timing of key accounting judgements		Prompt delivery of working papers regarding management judgements.	N/A
Adherence to deliverables timetable		We noted delays in some planning deliverables, impacting the timely completion of our planning. However, all other deliverables for testing were received within the agreed timetable. We acknowledge that the delays were due to unaligned timing which we, alongside management, are actively reviewing to ensure efficiency and adherence to the timetable going forward.	N/A
Access to finance team and other key personnel		Active involvement of the finance team throughout the course of the audit process.	N/A
Quality and accuracy of management accounting papers		Management accounting papers prepared to the expected quality and accuracy.	N/A
Quality and timing of audit committee papers		Quality and timing of audit committee papers was of a high standard.	N/A
Quality of draft Annual Report and Accounts		Based on initial reviews we have noted a low volume of comments and suggested changes following review of the draft Annual Report and Accounts.	N/A
Response to control deficiencies identified		Based on our audit work to date we have identified four control deficiencies; we have also identified one finding raised in the prior period which remains open in the current year; further details can be found on page 22 onwards.	Page 22 onwards
Volume and magnitude of identified errors		Based on our audit work to date we have identified two uncorrected misstatements.	Page 25

Our audit explained

We tailor our audit to your business and your strategy

Identify changes in your business and environment

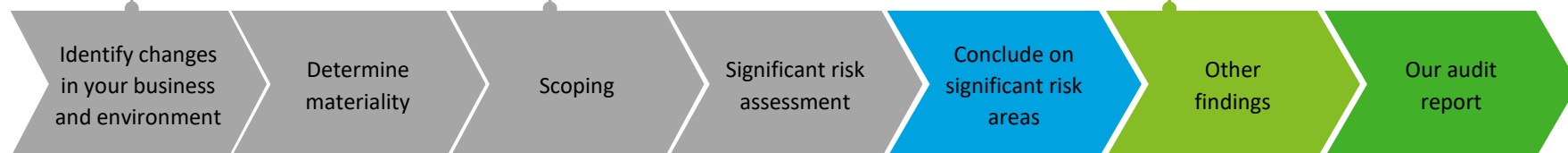
In our planning report we identified the key changes in your business and articulated how these impacted our audit approach.

Scoping

Our planning report set out the scoping of our audit in line with the Code of Audit Practice. We have completed our audit in line with our audit plan.

Other findings

As well as our conclusions on the significant risks we are required to report to you our observations on the internal control environment as well as any other findings from the audit. We would like to draw to your attention to [page 22](#), which details controls findings reported during our audit.



Determine materiality

When planning our audit, we set our group materiality at £583,000 based on forecast gross expenditure.

Based on the draft accounts we have updated this to reflect final figures and completed our audit to a revised materiality of £618,000 and performance materiality of £432,000 and report to you in this report all misstatements above £30,000.

Significant risk assessment

In our planning report we explained our risk assessment process and detailed the significant risks we have identified on this engagement. We report our findings and conclusions on these risks in this report.

Conclude on significant risk areas










We draw to the Audit Committee's attention our conclusions on the significant audit risks. In particular, the Committee must satisfy themselves that management's judgements in relation to year-end expenditure are appropriate. We note that these judgements may be impacted by the Board attempting to align with its tolerance target or achieve a breakeven position.

Our audit report

Based on the current status of our audit work, and satisfactory completion of the outstanding matters detailed on [page 28](#), we envisage issuing an unmodified audit report.

Significant risks

Significant risk dashboard

Risk	Fraud risk	Planned approach to controls	Controls conclusion	Consistency of judgements with Deloitte's expectations
Management override of controls			See Control deficiency raised on page 22	
Property valuations			See Control deficiency raised on page 22	
Operating within the funding provided			See Control deficiency raised on page 22	

Consistency of judgements with Deloitte's expectations



Inconsistent



Improvement required



Consistent

Controls approach adopted



Assess design & implementation

Significant risks

Management override of controls



Risk identified

In accordance with ISA (UK) 240 management override is a significant risk. This risk area includes the potential for management to use their judgement to influence the Report and Financial Statements as well as the potential to override the College's controls for specific transactions.

The key judgments in the Report and Financial Statements are those which we have selected to be the significant audit risks – income recognition and operating within the funding provided. These are inherently the areas in which management has the potential to use their judgment to influence the Report and Financial Statements.



Deloitte response and challenge

In considering the risk of management override, we have performed the following audit procedures that directly address this risk:

Journals

We have tested the appropriateness of journal entries recorded in the general ledger. In designing and performing audit procedures for such tests:

- We have considered the overall control environment and 'tone at the top';
- We have tested the design and implementation of controls relating to journals and accounting estimates;
- We are making inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments;
- We are testing the appropriateness of journals and adjustments made in the preparation of the Report and Financial Statements. We are using Spotlight data analytics tools to select journals for testing, based upon identification of items of potential audit interest.

Accounting Estimates

Pension: The defined benefit pension scheme represents a significant accounting estimate, characterised by inherent complexity and the need for considerable judgement in determining the pension asset or liability. Management responded to this by engaging an independent third-party actuary to provide the valuation.

Our audit procedures included a specific focus on management's judgements and the potential for bias and include confirming that the pension figures recorded by management are consistent with the independent actuary's valuation and involving our specialists to audit key assumptions. Our work is ongoing.

Property valuation: Based on our audit procedures we have not identified management bias in the valuation of college property, further details can be found on page 8.

Significant and unusual transactions

Based on our audit work to date, we did not identify any significant transactions outside the normal course of business or any transactions where the business rationale was not clear.

Deloitte view

Based on our audit work completed to date, we have identified one control deficiency, [page 22](#), concerning the approval of journal entries. Our work in relation to the audit of pension and journals is ongoing.

Significant risks (continued)

Property valuations



Risk identified

The College held £57.56m of property assets (land and buildings) at 31 July 2024 which has decreased to £56.62m as at 31 July 2025.

The College is required to hold property assets within Property, Plant and Equipment at existing use value provided that an active market for the asset exists. Where there is no active market, because of the specialist nature of the asset, a depreciated replacement cost approach may be needed which provides the current cost of replacing the asset with its modern equivalent asset. The valuations are by nature significant estimates which are based on specialist and management assumptions, and which can be subject to material changes in value.

The College's land and buildings are revalued every five years for the purposes of the financial statements with an interim valuation after three years. Land and buildings were valued as at 31 July 2024 on the basis of depreciated replacement cost by the College's appointed external valuer. In the current year management have performed an impairment assessment.



Management's assessment

Management concluded no indicators of impairment based on market conditions, the state of the buildings, utilisation and operational plans.

Deloitte response and challenge

Our work in this area includes the following:

- We are testing the design and implementation of key controls in place around the property valuation and impairment assessment performed by management.
- We have engaged with the College, using our valuation specialists to challenge and assessed the assumptions applied by management in the valuations.

In addition to the factors noted by management, our assessment also considered the movement in BCIS rates, taking into account obsolescence and change in location factor concluding no material change in the valuation of Inverness College property assets in the year.

Deloitte View

We would recommend the impairment assessment review paper is presented to the Audit Committee for review and approval. We have reported the control finding along with the status of the one control finding which we identified in the prior period. These findings are included on page 22 and 23.

We are finalising our work concerning the design and implementation of controls.

Significant risks (continued)

Operating within the funding provided



Risk identified

In accordance with Practice Note 10 (Audit of Annual Accounts of public sector bodies in the United Kingdom), in addition to the presumed risk of fraud in revenue recognition set out in ISA (UK) 240, auditors of public sector bodies should also consider the risk of fraud and error on expenditure. This is on basis that most public bodies are net spending bodies, therefore the risk of material misstatement due to fraud related expenditure may be greater than the risk of material misstatement due to fraud related to revenue recognition.

We consider this fraud risk to be focused on how management operate within the funding available. The risk is that Inverness College could materially misstate expenditure in relation to year end transactions, in an attempt to align with its tolerance target or achieve a breakeven position.

The significant risk is therefore pinpointed to the completeness of accruals and the existence of prepayments made by management at the year end and invoices processed around the year end as this is the area where there is scope to manipulate the final results. Given the financial pressures across the whole of the public sector, there is an inherent fraud risk associated with the recording of accruals and prepayments around year end.



Deloitte response and challenge

We have evaluated the results of our audit testing in the context of the achievement of the limits set by the Scottish Funding Council ("SFC"). Our work in this area included the following:

- Evaluated the design and implementation of controls around monthly monitoring of financial performance and the estimated accruals and prepayments made at the year-end;
- Obtained independent confirmation of the funding allocated to the College by the SFC and University of the Highlands and Islands ("UHI");
- Performed focused testing of a sample of accruals and prepayments made at the year end to address the risk that accruals are understated; and
- Performed focused cut-off testing of a sample of invoices received and paid post year end as a search for unrecorded liabilities in the financial year.

Deloitte view

Based on the testing performed to date we identified two uncorrected misstatement where the related liabilities were recorded in the incorrect financial year. Whilst the amounts were less than our reporting threshold, upon extrapolation the potential misstatement would be £58,600, [page 25](#).

The testing in relation to cut off identified that management were recording materials based on usage as opposed to delivery. Working alongside management we have determined that the financial impact is below the reporting threshold, based on the opening and closing values. That said a control finding has been raised.

The rest of our testing would conclude that expenditure and receipts were incurred or applied in accordance with the applicable enactments and guidance issued by the Scottish Funding Council.

We are finalising our work concerning the design and implementation of controls.

Other areas of audit focus

Completeness of Income



Risk identified

ISA (UK) 240 states that when identifying and assessing the risks of material misstatements due to fraud, the auditor shall, based on a presumption that there are risks of fraud in revenue recognition, evaluate which types of revenue, revenue transactions or assertions give rise to such risks.

In 2023/24 we assessed the income streams for the College and concluded that the risk of a material misstatement due to fraud can be pinpointed to the non-recurrent funding as there is no judgement in respect of the recurrent grants from the SFC and UHI. We pinpointed the non-recurrent funding risk to be in relation to:

- Incorrect recognition applied to grant income with conditions attached; and
- Incorrect recognition where performance conditions are in place.

On reflecting on our understanding and findings from our prior year audit we have concluded that this is no longer a significant risk and have assessed this as an area of focus.



Deloitte response and challenge

We have performed the following procedures:

- We tested the design and implementation of key controls in place around the recognition of non-recurrent funding;
- We are testing a sample of grants for any evidence of clawback of income where conditions of entitlement have not been met; and
- We are testing a sample of grants with performance conditions to ensure income is recognised correctly in line with the outlined requirements.

Deloitte view

As a result of performing the procedures above we have identified one control finding relating to the lack of control to the identifying non recurrent income. We have included this finding on [page 22](#).

Other findings

Financial reporting and control findings

Below are the findings from our audit surrounding your financial reporting process.

Qualitative aspects of your accounting practices:

Inverness College's Annual Report and Accounts have been prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and the directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Regulations 2006 (as amended), and the Government Financial Reporting Manual (the "FReM"). Following our audit work, we are satisfied that the accounting policies are appropriate.

Significant matters discussed with management

Matters relating to our significant risks have been assessed as set out on pages 6 to 9.

Liaison with internal audit

The audit team, has completed an assessment of the independence and competence of the internal audit department and reviewed their work and findings. No reliance was placed on the work of internal audit and we performed all work ourselves.

Your control environment and findings

The purpose of the audit was for us to express an opinion on the financial statements. The audit included consideration of internal control relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters being reported are limited to those deficiencies that we have identified during the audit and that we have concluded are of sufficient importance to merit being reported to you.

Our observations are summarised on page 22 to 24.

We will obtain written representations from the Board on matters material to the Annual Report and Accounts when other sufficient appropriate audit evidence cannot reasonably be expected to exist. A copy of the draft representations letter will be circulated separately.

Our audit report

Other matters relating to the form and content of our report

Here we discuss how the results of the audit impact on other significant sections of our audit report.



Our opinion on the Annual Report and Accounts

Our opinion on the financial statements is expected to be unmodified.



Going concern

We have not identified a material uncertainty related to going concern and will report that we concur with management's use of the going concern basis of accounting.

Practice Note 10 provides guidance on applying ISA (UK) 570 Going Concern to the audit of public sector bodies. The anticipated continued provision of the service is more relevant to the assessment of the continued existence of a particular body.



Emphasis of matter and other matter paragraphs

There are no matters we judge to be of fundamental importance in the financial statements that we consider it necessary to draw attention to in an emphasis of matter paragraph.

There are no matters relevant to users' understanding of the audit that we consider necessary to communicate in an other matter paragraph.



Other reporting responsibilities

The Annual Report is reviewed in its entirety for material consistency with the Annual Accounts and the audit work performance and to ensure that they are fair, balanced and reasonable.

Opinion on regularity

We have no matters to bring to the attention of the Committee in relation to expenditure and income in the Annual Report and Account not being incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Our opinion on matters prescribed by the Auditor General for Scotland are discussed further on page 14.

Your Annual Report and Accounts

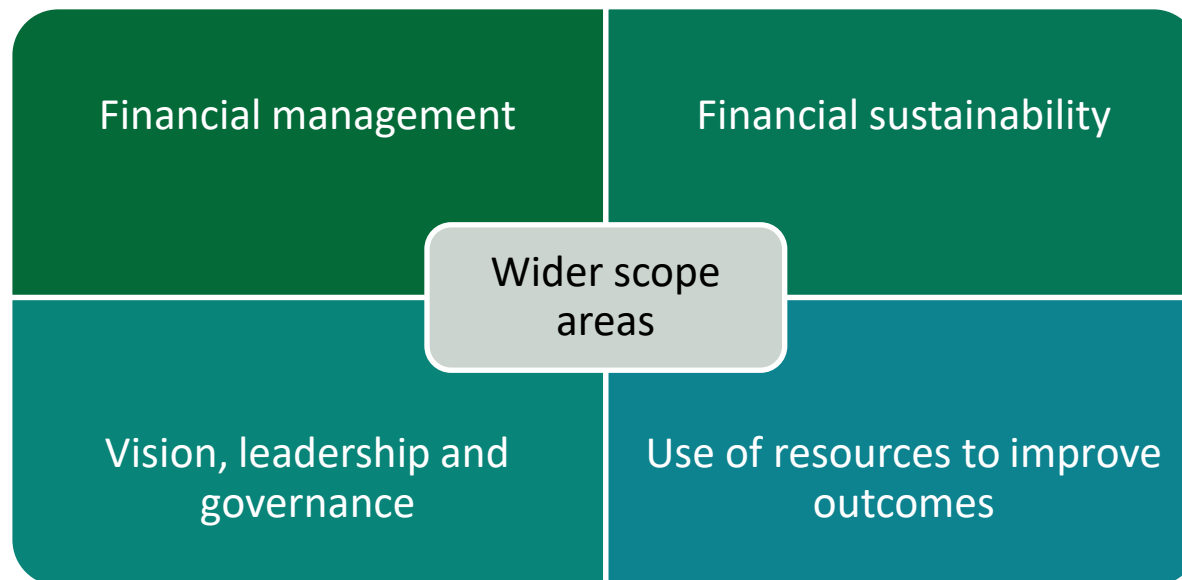
We are required to provide an opinion on the auditable parts of the Remuneration and Staff report, the Annual Governance Statement and whether the Performance Report is consistent with the disclosures in the accounts.

	Requirement	Deloitte response
The Performance Report	The report outlines the Board's performance, both financial and non-financial. It also sets out the key risks and uncertainties faced by the Board.	<p>We assess whether the Performance Report has been prepared in accordance with the Accounts Direction. We also read the Performance Report and confirm that the information contained within is materially correct and consistent with our knowledge acquired during the course of performing the audit and is not otherwise misleading.</p> <p>We provided management with comments and suggested changes which management have updated and our reviews are ongoing.</p>
The Accountability Report	Management have ensured that the accountability report meets the requirements of the FReM, comprising the governance statement, remuneration and staff report and the parliamentary accountability report.	<p>We assess whether the information given in the Annual Governance Statement is consistent with the Annual Report and Accounts and has been prepared in accordance with the accounts direction.</p> <p>We also read the Accountability Report and confirm that the information contained within is materially correct and consistent with our knowledge acquired during the course of performing the audit, and is not otherwise misleading.</p> <p>We provided management with comments and suggested changes which management have updated and our reviews are ongoing.</p> <p>Our audit to concerning the auditable parts of the Remuneration and Staff Report is ongoing.</p>

Wider scope requirements

Overview

As set out in our audit plan, reflecting the fact that public money is involved, public audit is planned and undertaken from a wider perspective than in the private sector. The wider scope audit specified by the Code of Audit Practice broadens the audit of the accounts to include consideration of additional aspects or risks in the following areas.



Our audit work has considered how the Board is addressing these and our conclusions are set out within this report, with the report structured in accordance with the four dimensions. Our responsibilities in relation to Best Value ("BV") have all been incorporated into this audit work.

Wider scope requirements (continued)

Financial management

Significant risks identified in Audit Plan

As with 2023/24, the College sector in Scotland is going through a period of financial challenge. There is a risk that Inverness College does not have the financial controls in place to monitor and respond to these challenges.

Current year financial performance

Consistent with the prior year the wider financial landscape in which Inverness College operates is challenging, which in turn creates specific challenges for Inverness College. While we can observe a poorer final outturn position than budgeted, we recognise that the final expenditure was 2.4% higher than forecast indicating effective financial planning arrangements.

The forecast outturn position for Inverness College in 2024/25 was a deficit position of £751k. This was made up of total income of £29,475k and total expenditure of £30,226k.

The final outturn position achieved was a deficit of £843k. This was made up of total income of £30,097k and total expenditure of £30,940k. We note that the final outturn position was an additional overspend of £92k ahead of the planned deficit.

Budgeting Process

In line with the 2023/24 financial year, the Inverness College budget is approved by the College Board annually. The College Management Team and Board members regularly review progress against budget throughout the year, with quarterly reporting to the Board and the Governance and Scrutiny Committee. From review of the reporting throughout the year, variances are clearly reported and explained. There is also a clear link between the financial information reported in the year and the Annual Accounts through a clear reconciliation within the Performance Report. From our work performed in this area, we have not noted any issues with the financial management and budgetary processes at the college. The Board has effective financial planning and management arrangements in place.

Finance capacity

The finance team structure has continued to remain consistent throughout the year. The Board continues to have a sufficiently qualified and experienced finance team to support the financial management of the Board. Included within our work on leadership and governance is our assessment of changes to the leadership team at Inverness College.

Deloitte view – financial management

We have not noted any issues with the financial management and budgetary processes at the College. The Board has effective financial planning and management arrangements in place.

Is there sufficient financial capacity?

Is there sound budgetary processes in place?

Is the control environment and internal controls operating effectively?

Financial Management

Wider scope requirements (continued)

Financial sustainability

Can short-term
(current and next year)
financial balance be
achieved?

Significant risks identified in Audit Plan

The financial environment in which the College operates continues to be challenging, with the impact of inflationary pressures, pay rises, and real terms flat cash settlements continuing to exacerbate an already challenging financial position. This creates a risk that the College will not be able to develop viable and sustainable financial plans.

Current year assessment

The wider financial landscape in which Inverness College operates is challenging. In 2024/25 the college recorded a deficit of £843k which was £92k higher than what was originally budgeted. In 2025/26 the budgeted deficit is £791k, which is forecast to decrease to £675k in 2026/27 and £463k in 2027/28. Note that these forecasts do not account for the Job Evaluation impact, which is expected to be an additional £401k in 2025/26 and £413k in 2026/27.

Is there a medium and
longer-term plan in
place?

Medium to Long Term Planning

Whilst Further Education (FE) activity exceeded its target for a second year in a row, Higher Education continued to experienced a downward trend, with the college continuing to explore curriculum options.

Is the body planning
effectively to continue
to deliver its services
or the way in which
they should be
delivered?

As with 2023/24, the key issue in the college sector is the five-year projected public sector financial outlook which sees flat funding for the college sector and reduced capital funding.

Currently, there is no recovery plan in place with the focus of the college being on improving both HE and FE activity as well as continuing to receive the necessary funding. A savings plan is being developed which will be produced in June 2026. We recommend that this considers all available options within the confines of SG policy and College deliverables.

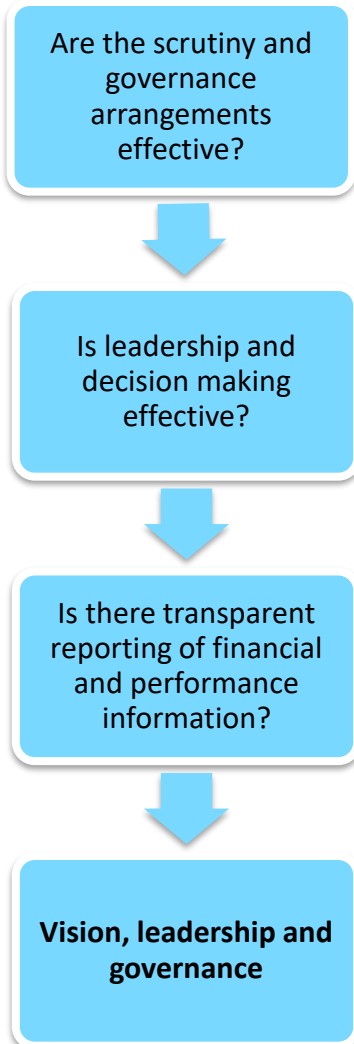
**Financial
Sustainability**

Deloitte view – financial sustainability

We note that Inverness College is facing financial sustainability challenges, specifically in relation to flat funding and rising staff costs. We note that student recruitment levels at Inverness College have improved in recent years and the College exceeded their FE target for 2024/25. The College recognises the financial challenge that it is facing and is developing a financial plan which is expected to be finalised in June 2026. We recommend that this plan explore all available savings options, and be brought forward if possible as we note that there is not currently a savings plan in place.

Wider scope requirements (continued)

Vision, leadership and governance



Risk Identified

There is a risk around the effectiveness of the governance arrangements in place to ensure there is effective scrutiny, challenge and informed decision making.

Strategic Plan

Inverness College has a Strategic Plan for 2022-2026 published on their website. In the prior year we reviewed the Strategic Plan in place noting that the college had a clear vision and strategy which included a clear set of priorities. In addition to this, a key focus placed on sustainability which is embedded within the governance arrangements at the College. We recognise that the current strategic plan was implemented in 2022, and there are now additional challenges in the wider operating environment such as the impact of inflationary pressures, real terms flat cash settlements, and higher pay increases. We therefore recommend that the next strategic plan builds on this and is updated to account for the challenges the College is currently facing.

The strategic plan has remained consistent from 2024/25 and includes 5 key strategic pillars which are included with specific aims attached to each one. Each of these pillars includes a strategic aim, and four to six key strategic objectives. These objectives are in place to ensure the priorities are aligned with the needs of the communities and individuals. The strategic plan and policies are all published on the Inverness College website, evidencing the information is accessible to relevant communities.

Adapting to a changing environment

We note from our review of committee meeting minutes and our attendance at Audit Committee meetings that the leaders of the College continue to adapt to a changing environment. This includes regular reviews of financial performance, and discussions on curriculum reviews as noted on the following slide.

Deloitte view – Vision, leadership and governance

We note from our wider scope work performed that during the 2024/25 financial year there were governance arrangements in place at the College which showed the leadership team working collaboratively to adapt to a changing environment. It is important that the new strategic plan from 2026 – 2030 is updated to account for the new challenges being faced and builds on the work already achieved under the outgoing plan.

Wider scope requirements (continued)

Use of resources to improve outcomes

Are resources being used effectively to meet outcomes and improvement objectives?



Is there effective planning and working with strategic partners and communities?



Is Best Value demonstrated, including economy, efficiency and effectiveness?



Use of resources to improve outcomes

Risk identified

As discussed under financial sustainability, there is a risk that the College does not have plans in place to manage its finances sustainably. In line with the 2023/24 audit, there is also a risk that performance management systems are not sufficient to demonstrate how resources are being directed to improve outcomes.

Use of resources to improve outcomes

Inverness College continues to have a strong focus on the quality of its students' experience and on quality enhancement across its provision and services. A student satisfaction survey conducted in the 2024/25 academic year showed a student satisfaction level of 95%, which is 1% higher than targeted. The National Student Survey saw Inverness College student satisfaction increase 5% from the 2023/24 academic year to 87%, evidencing a positive trend against this performance metric.

Student recruitment

One of the key KPIs in place at the College continues to relate to student recruitment. This is monitored and reported on the monthly basis to the College Board, with the key metrics being HE and FE recruitment. In 2024/25, the College exceeded its target for FE credits, delivering 26,886 against a target of 26,442. Inverness College delivered a total full-time equivalent (FTE) HE students of 1,309 FTE against a target of 1,319 FTE, equivalent to 99% of the target.

There is an acknowledgement of the challenges facing HE recruitment arising from the cost-of-living crisis, competition from other institutions, and increasing unemployment levels, and a strategy has been put in place to address this via development of graduate apprenticeship programmes in 2025/26.

Deloitte view – Use of resources to improve outcomes

The College has performed well in student satisfaction surveys and delivered against its targets for FE credits in the year. While there is a minor shortfall in HE student targets, this is being actively monitored by the board. We note from our work performed on financial sustainability that the College has governance arrangements in place to demonstrate the best use of available resources to improve outcomes.

Wider scope requirements (continued)

Best value

Requirements

The Scottish Public Finance Manual (SPFM) explains that Accountable Officers have a specific responsibility to ensure that arrangements have been made to secure Best Value (BV).

Ministerial guidance to Accountable Officers for public bodies sets out their duty to ensure that arrangements are in place to secure Best Value in public services. As part of our wider scope audit work, we have considered whether there are organisational arrangements in place in this regard.

The duty of BV in Public Services is as follows:

- To make arrangements to secure continuous improvement in performance whilst maintaining an appropriate balance between quality and cost; and in making those arrangements and securing that balance.
- To have regard to economy, efficiency, effectiveness, the equal opportunities requirements, and to contribute to the achievement of sustainable development.
- BV characteristics have been recently regrouped to reflect the key themes which will support the development of an effective organisational context from which public services can deliver key outcomes and ultimately achieve best value:
 - Vision and Leadership
 - Governance and Accountability
 - Use of resources
 - Partnership and collaborative working
 - Working with Communities
 - Sustainability
 - Fairness and equality

Deloitte view – Best Value

Inverness College has sufficient arrangements in place to secure best value. It has a clear understanding of areas which require further development. Financial sustainability remains a key risk, as is the case across the public sector.

Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

What we report

Our report is designed to help the Audit Committee and the College discharge their governance duties. It also represents one way in which we fulfil our obligations under ISA (UK) 260 to communicate with you regarding your oversight of the financial reporting process and your governance requirements. Our report includes:

- Results of our work on key audit judgements and our observations on the quality of your Annual Report.
- Our internal control observations
- Other insights we have identified from our audit.

The scope of our work

Our observations are developed in the context of our audit of the Annual Report and Accounts.

We described the scope of our work in our audit plan.

Use of this report

This report has been prepared for the College, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose.

What we don't report

As you will be aware, our audit was not designed to identify all matters that may be relevant to the college.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

We welcome the opportunity to discuss our report with you and receive your feedback.

Deloitte LLP

Aberdeen | 02 December 2025

Appendices



Your control environment and findings

Control deficiencies and areas for management focus

Finding	Year first communicated, component of internal control	Severity	Deloitte recommendation	Management response and remediation plan
1. Lack of journals review: UHI Inverness does not have evidence of review of journals posted. This creates a risk that College journals are not being correctly reviewed and recorded or accounted for.	2024/25	High	It is recommended that the college implement a review process for journals which includes evidence of the reviews performed.	The College will implement review process on a monthly basis signed by DOF&E
2. Review of property impairment assessment: We note that there is no official impairment review process at the College during the years where a full revaluation does not take place. The creates a risk that the value of the College is overstated.	2024/25	High	We recommend that the completed impairment assessment paper should be presented to the Audit Committee for review and approval.	The College will present the impairment assessment for review to the Audit committee at its next meeting.
3. Lack of expenditure cut off control: We noted instances where the College records expenditure when it is used rather than when it is delivered. This creates a risk of understatement of expenditure and under accrual.	2024/25	Medium	We recommend that the College implements a control that ensures all expenditure is recorded when it is delivery rather than when the goods are used.	The College will ensure expenditure is recorded correctly as noted in the recommendation.
4. Lack of Income completeness review: UHI Inverness have a budget review process to ensure that all non recurrent income is included in the actual monthly results, however there is no process to ensure that all unbudgeted non-recurrent income is included. This creates a risk that non-recurrent income may be understated.	2024/25	Medium	We recommend the College clearly document its existing process for engaging budget holders during monthly/quarterly reviews to identify additional or unbudgeted non-recurrent income.	The College will document the existing process for budget holders to identify non-recurrent income and ensure it is claimed by the year-end.

Your control environment and findings (continued)

2023/24 Action Plan Follow-Up

We have followed up the recommendations made in 2023/24. We note that 3 of the 4 recommendations have been fully implemented as documented below.

Finding	Deloitte recommendation	Severity	Management Update 2023/24	Management Update 2024/25
1. No fixed asset register: UHI Inverness does not hold and maintain a Fixed Asset Register. This creates a risk that College assets are not being correctly recorded or accounted for.	It is recommended that a fixed asset register is created and maintained going forward.	High	The college will update the fixed asset register and continue to keep it up to date going forward.	Complete. A fixed asset register has been created and maintained in 2024/25 and going forward.
2. Information provided to valuer: UHI Inverness does not keep floor plans and site plans of the land and buildings that have been revalued. This prevents the audit team from verifying the inputs that are used in the revaluation calculation. UHI Inverness sent these measurements to Shepard's (external valuer) in 2019 when they were first engaged and have not maintained them since.	It is recommended that floor plans are maintained annually and provided to the College's external valuer ahead of each valuation per the rolling valuation cycle.	Medium	Floor plans will be provided to the college valuer prior to a revaluation exercise.	Complete. The floor area plans will be provided for next valuation in 2 years time.
3. NPD creditor agreement: We noted that the College has not retained the original NPD service concession agreement.	It is recommended that the College seek to source a copy of the original agreement and retain this going forwards.	Medium	The college will attempt to source a copy of the original NPD agreement.	Open. The college will attempt to source a copy of the original NPD agreement.

Your control environment and findings (continued)

2023/24 Action Plan Follow-Up

We have followed up the recommendations made in 2023/24. We note that 3 of the 4 recommendations have been fully implemented as documented below.

Finding	Deloitte recommendation	Severity	Management Update 2023/24	Management Update 2024/25
4. Retention of grant agreements for deferred capital grants: We noted that the College have not retained the original grant agreements for many of the capital grants.	It is recommended that the College looks to source original grant income documentation from the relevant party and moving forward, we would suggest that they retain any relevant documentation.	Medium	Copies of future deferred capital grants will be held on file going forward.	Complete. We now retain a copy of all new deferred grant documents from 2024/25.

Audit adjustments

Unadjusted misstatements

The following uncorrected misstatements have been identified up to the date of this report which we request that you ask management to correct as required by ISAs (UK).

		Debit/(credit) SOCNE £'000	Debit/(credit) in net assets £'000	Debit/(credit) prior year reserves £'000	Debit/(credit) Profit & Loss £'000	If applicable, control deficiency identified
Misstatements identified in current year						
Expenditure – Under Accrual Error	[1]	34.0	(34.0)	-	-	Page 22
Expenditure – Cut off Error	[2]	24.6	(24.6)	-	-	Page 22
Misstatements identified in prior years						
Carryover of prior year misstatements	[3]		(34.0)	34.0	-	N/A
Total		58.6	(92.6)	34.0	-	

[1] We identified three post year end payments relating to goods which were delivered in 2024/25, however these were not accrued for at year end. The factual error is £5.4k and an extrapolated error of £28.6k with the total impact £34.0k.

[2] We identified two invoices relating to goods which were delivered in 2024/25, however were recorded in 2025/26 and were not accrued in the current period. The factual error is £2.7k and an extrapolated error of £21.9k with the total impact £24.6k.

[3] Carry forward impact of the uncorrected misstatements from the prior year which impact reserves in the current year. This related to the Goodwin case in the FY24 liability value. In our view an allowance should be made, as a past service cost. Based on available information, we reported the cost of this would be £34k. We note that this is a judgemental misstatement based on assumptions used by actuarial specialists.

Disclosure deficiencies: Our reviews of the financial statements will be completed following receipt of an updated version, allowing conclusion in respect of disclosure deficiencies.

Our other responsibilities explained

Fraud responsibilities and representations



Responsibilities:

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.

Required representations:

We have asked the College to confirm in writing that you have disclosed to us the results of your own assessment of the risk that the financial statements may be materially misstated as a result of fraud and that you are not aware of any fraud or suspected fraud that affects the entity.

We have also asked the College to confirm in writing their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error and their belief that they have appropriately fulfilled those responsibilities.



Audit work performed:

In our planning we identified the risk of fraud in operating within the funding provided and management override of controls as key audit risks. During course of our audit, we have had discussions with management and those charged with governance.

We will explain in our audit report how we considered the audit capable of detecting irregularities, including fraud. In doing so, we will describe the procedures we performed in understanding the legal and regulatory framework and assessing compliance with relevant laws and regulations.

Concerns:

No issues or concerns have been identified in relation to fraud to date.

Independence and fees

As part of our obligations under International Standards on Auditing (UK), we are required to report to you on the matters listed below:

Independence confirmation	We confirm the audit engagement team, and others in the firm as appropriate, Deloitte LLP and, where applicable, all Deloitte network firms are independent of the College and our objectivity is not compromised.	
Fees	The expected fee for 2024/25, as communicated by Audit Scotland in December 2025 is analysed below:	
		£
	Auditor remuneration	51,040
	Audit Scotland fixed charges:	
	• Pooled costs	(6,440)
	• Sectoral cap adjustment	(12,200)
	Total expected fee	32,380
	There are no non-audit fees.	
Non-audit services	We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.	
Relationships	We have no other relationships with the College, its directors, senior managers and affiliates, and have not supplied any services to other known connected parties.	

Outstanding Audit Matters

Status of the Annual Report and Accounts audit

Outstanding matters to conclude the audit include:

- Finalisation of journals sample documentation;
- Receipt of final pension report from Deloitte pension team;
- Finalisation of remuneration report testing;
- Review of updated Annual Report and Accounts;
- Completion of design and implementation procedures;
- Completion of fraud enquiries with the Audit committee and Internal Audit;
- Completion of internal quality review procedures;
- Receipt of signed management representation letter; and
- Our review of events since 31 July 2025.



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Board of Management

Subject/Title:	SFC Annual Accounts Return 2024/25
Author:	Niall McArthur – Director of Finance and Estates
Meeting:	Board of Management
Meeting Date:	16 December 2025
Date Paper prepared:	12 December 2025
Brief Summary of the paper:	To present to the Board the SFC annual accounts return for 2024/25, which is based on the financial statements for the year-ended 31 July 2025.
Action requested: [Approval, recommendation, discussion, noting]	Approval

Link to Strategy: Please highlight how the paper links to, or assists with:: <input type="checkbox"/> compliance <input type="checkbox"/> partnership services <input type="checkbox"/> risk management <input type="checkbox"/> strategic plan <input type="checkbox"/> new opportunity/change	N/A		
Resource implications:	N/A If yes, please specify:		
Risk implications:	If yes, please specify: Financial - Yes		
Equality and Diversity implications:	N/A		
Student Experience Impact:	None		
Consultation: [staff, students, UHI & Partners, External] and provide detail	None		
Status – [Confidential/Non confidential]	Non-Confidential		
Freedom of Information Can this paper be included in “open” business* [Yes/No]	Yes		
*If a paper should not be included within “open” business, please highlight below the reason.			
Its disclosure would substantially prejudice a programme of research (S27)		Its disclosure would substantially prejudice the effective conduct of public affairs (S30)	
Its disclosure would substantially prejudice the commercial interests of any person or organisation (s33)		Its disclosure would constitute a breach of confident actionable in court (s36)	
Its disclosure would constitute a breach of the Data Protection Act (s38)		Other (Please give further details)	

Further guidance on application of the exclusions from Freedom of Information legislation is available via

<http://www.itspublicknowledge.info/ScottishPublicAuthorities/ScottishPublicAuthorities.asp> and

http://www.itspublicknowledge.info/web/FILES/Public_Interest_Test.pdf

Recommendation

The Board agree that the Principal can sign the SFC Annual Accounts Return for 2024/25 for submission to the UHI/ Scottish Funding Council before the deadline of 31 December 2025.

Purpose of report

To present the SFC annual accounts return for 2024/25 to the Board for approval, which if approved will then be sent to UHI/ Scottish Funding Council.

SFC Annual Accounts Return – 2024/25

The SFC Annual Accounts return for 2024/25 is appended to this report and shows the actual figures for 2024/25 compared to the actual figures for 2023/24, as well as the forecast figures based on the financial forecast return (FFR).

The annual return figures for 2024/25 are taken directly from the 2024/25 financial statements and show the following key results:

- Operational deficit of £0.843 million (2023/24 Surplus of £0.157 million)
- Adjusted Operating Position of a deficit of £1.092 million (2023/24 deficit of £0.621 million)
- Total net assets of £16.270 million (2023/24 - £23.995 million)
- Cash balance at year-end of £4.755 million (2023/24 - £8.619 million)
- Net current assets of £0.896 million (2023/24 - £2.317 million)

2024-25 Financial Statements

College: **UHI Inverness College**

Contact: **Niall McArthur**

Telephone: **07767 442235**

Email: niall.mcarthur.ic@uhi.ac.uk

DECLARATION:

I confirm that the figures in the financial statements return accurately reflect, and have been reconciled to, the audited financial statements of the college for the year ended 31 July 2025 and that adequate explanations have been provided where requested.

Signed:

Principal / Chief Executive Officer

Date:

UHI Inverness College

*Please enter explanations for any significant variances in columns I and M

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE	Actual 2024-25	Actual 2023-24	I-----Variance-----I		Explanation	Forecast 2024-25	I-----Variance-----I		Explanation
	£000	£000	£000	%		£000	£000	%	
INCOME									
Tuition fees and education contracts	4,908	4,604	304	7%		5,049	(141)	(3%)	
SFC / RSB grants	21,841	22,483	(642)	-3%		21,399	442	2%	
Research grants and contracts	846	850	(4)	0%		1,092	(246)	(23%)	
Other income	2,331	2,391	(60)	-3%		1,507	824	55%	
Investment income	169	181	(12)	-7%		150	19	13%	
Donations and endowments	0	0	0			0	0		
Total Income	30,095	30,509	(414)	-1%		29,197	898	3%	
EXPENDITURE									
Staff costs	19,947	19,194	753	4%		19,933	14	0%	
Staff costs - exceptional restructuring costs	0	0	0			0	0		
Exceptional costs - non-staff	0	0	0			0	0		
Other operating expenses	6,928	7,147	(219)	-3%		6,765	163	2%	
Donations to Arms Length Foundation	0	0	0			0	0		
Depreciation / amortisation	1,612	1,394	218	16%		1,000	612	61%	
Interest and other finance costs	2,451	2,616	(165)	-6%		2,814	(363)	(13%)	
Total Expenditure	30,938	30,351	587	2%		30,512	426	1%	
Surplus / (Deficit) before other gains and losses	(843)	158	(1,001)	-634%		(1,315)	472	(36%)	
Gain / (Loss) on disposal of assets	0	(467)	467	-100%		0	0		
Gain / (Loss) on investments	0	0	0			0	0		
Share of operating surplus / (deficit) in joint venture(s)	0	0	0			0	0		
Share of operating surplus / (deficit) in associate(s)	0	0	0			0	0		
Surplus / (Deficit) before tax	(843)	(309)	(534)	173%		(1,315)	472	(36%)	
Taxation	0	0	0			0	0		
Surplus / (Deficit) for the year	(843)	(309)	(534)	173%		(1,315)	472	(36%)	
Unrealised surplus on revaluation of assets	0	2,720	(2,720)	-100%		0	0		
Actuarial gain / (loss) in respect of pensions schemes	(6,881)	1,738	(8,619)	-496%		0	(6,881)		
Other comprehensive income	0	0	0			0	0		
Total Comprehensive Income for the year	(7,724)	4,149	(11,873)	-286%		(1,315)	(6,409)	487%	

UHI Inverness College

*Please enter explanations for any significant variances in columns I and M

INCOME		Actual 2024-25	Actual 2023-24	-----Variance-----			Forecast 2024-25	-----Variance-----	
		£000	£000	£000	%	Explanation	£000	£000	%
1 Tuition fees and education contracts									
a)	FE - UK	52	130	(78)	(60%)		165	(113)	(68%)
b)	FE - EU	21	6	15	250%		10	11	110%
c)	HE	2,610	2,441	169	7%		2,620	(10)	(0%)
d)	Non-EU	186	179	7	4%		195	(9)	(5%)
e)	SDS contracts	2,039	1,848	191	10%		2,059	(20)	(1%)
f)	Education contracts	0	0	0			0	0	
g)	Other	0	0	0			0	0	
Total tuition fees and education contracts		4,908	4,604	304	7%		5,049	(141)	(3%)
2 SFC / RSB Grants									
a)	SFC / RSB FE recurrent grant (including fee waiver)	9,776	9,758	18	0%		10,041	(265)	(3%)
b)	UHI recurrent grant - HE provision	5,430	5,080	350	7%		5,600	(170)	(3%)
c)	FE Childcare funds	82	84	(2)	(2%)		0	82	
d)	Release of SFC / RSB deferred capital grants	483	1,680	(1,197)	(71%)		300	183	61%
e)	SFC capital grant	104	104	0	0%		104	0	0%
f)	SFC grant for NPD	5,450	5,057	393	8%		4,904	546	11%
g)	Other SFC / RSB grants - FE provision	0	146	(146)	(100%)		0	0	
h)	Other UHI grants - HE provision	516	574	(58)			450	66	15%
Total SFC / RSB Grants		21,841	22,483	(642)	(3%)		21,399	442	2%
3 Research grants and contracts									
a)	European Commission	846	850	(4)	(0%)		1,092	(246)	(23%)
b)	Other grants and contracts	0	0	0			0	0	
Total research grants and contracts		846	850	(4)	(0%)		1,092	(246)	(23%)
4 Other Income									
a)	Catering and residences	814	631	183	29%		690	124	18%
b)	Other European Income	0	0	0			0	0	
c)	Other income generating activities	0	513	(513)	(100%)		147	(147)	(100%)
d)	Grants from ALF	561	0	561			0	561	
i)	Revenue	0	0	0			0	0	
ii)	Capital	561	0	561			0	561	
e)	Non-government capital grant	0	0	0			0	0	
f)	Other grant income	0	0	0			0	0	
g)	Release of non-SFC government deferred capital grant	0	0	0			0	0	
h)	Other income	956	1,247	(291)	(23%)		670	286	43%
Total other income		2,331	2,391	(60)	(3%)		1,507	824	55%
5 Investment income									
a)	Investment income on endowments	0	0	0			0	0	
b)	Investment income on restricted reserves	0	0	0			0	0	
c)	Other investment income	0	0	0			0	0	
d)	Other interest receivable	169	181	(12)	(7%)		150	19	13%
e)	Net return on pension scheme	0	0	0			0	0	
Total investment income		169	181	(12)			150	19	13%
6 Donations and endowment income									
a)	New endowments	0	0	0			0	0	
b)	Donations with restrictions	0	0	0			0	0	
c)	Unrestricted donations	0	0	0			0	0	
Total donation and endowment income		0	0	0			0	0	

UHI Inverness College
EXPENDITURE

*Please enter explanations for any significant variances in columns I and M

		Actual 2024-25	Actual 2023-24	I-----Variance-----I			Forecast 2024-25	I-----Variance-----I		
STAFF COSTS		£000	£000	£000	%	Explanation	£000	£000	%	Explanation
1	Teaching departments	10,419	10,795	(376)	(3%)		11,145	(726)	(7%)	
2	Teaching support services	1,899	1,726	173	10%		1,780	119	7%	
3	Other support services	1,279	1,067	212	20%		1,095	184	17%	
4	Administration and central services	5,396	4,596	800	17%		4,710	686	15%	
5	Premises	341	417	(76)	(18%)		410	(69)	(17%)	
6	Catering and residences	432	395	37	9%		415	17	4%	
7	Other income generating activities	0	0	0			0	0		
8	Other staff costs	0	0	0			378	(378)	(100%)	
9	Impact of FRS 102 pensions reported costs (less contributions paid included above)	181	198	(17)	(9%)		0	181		
Normal staff costs		19,947	19,194	753	4%		19,933	14	0%	
10	Exceptional restructuring costs	0	0	0			0	0		
Total staff costs		19,947	19,194	753	4%		19,933	14	0%	

Additional breakdown of staff costs

Salaries	15,070	14,195	875	6%
Social security costs	1,616	1,541	75	5%
Pension contributions	3,094	3,135	(41)	(1%)
Non-cash pension adjustments - net service cost	181	198	(17)	(9%)
Non-cash pension adjustments - early retirement provision	(14)	125	(139)	4%
Severance payments	0	0	0	
Total staff costs	19,947	19,194	753	

14,775	295	2%
1,620	(4)	(0%)
3,160	(66)	(2%)
0	181	
0	(14)	
0	0	
19,555	392	2%

NON-STAFF COSTS

1 Exceptional costs - non-staff

0	0	0	
---	---	---	--

0	0	
---	---	--

2 Other operating expenses

a)	Teaching departments
b)	Teaching support services
c)	Other support services
d)	Administration and central services
e)	General education
f)	Premises
(i)	Maintenance
(ii)	Utilities
(iii)	Other
g)	Catering and residences
h)	Other income generating activities
i)	Overspend on student support funds *
j)	Planned maintenance
k)	Movement on early retirement pension provision
l)	NPD
m)	Other

1,894	1,931	(37)	(2%)
0	0	0	
0	66	(66)	(100%)
953	1,180	(227)	(19%)
0	0	0	
2,896	2,928	(32)	(1%)
920	976	(56)	(6%)
1,050	917	133	15%
926	1,035	(109)	(11%)
476	435	41	9%
627	523	104	20%
0	0	0	
0	0	0	
0	0	0	
0	0	0	
82	84	(2)	(2%)

2,145	(251)	(12%)
0	0	
85	(85)	(100%)
1,495	(542)	(36%)
0	0	
2,045	851	42%
720	200	28%
775	275	35%
550	376	68%
475	1	0%
520	107	21%
0	0	
0	0	
0	0	
0	0	
0	82	

Total other operating expenses

6,928	7,147	(219)	(3%)
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6,765	163	2%
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3 Depreciation

a)	Government funded assets
b)	Non-government funded assets
c)	NPD funded assets

0	0	0	
0	0	0	
1,612	1,394	218	16%

0	0	
0	0	
1,000	612	61%

Total depreciation

1,612	1,394	218	16%
-------	-------	-----	-----

1,000	612	61%
-------	-----	-----

4 Interest

a)	On bank loans, overdrafts and other loans
b)	Finance lease interest
c)	Other
d)	Net charge on pension scheme
e)	NPD interest

0	0	0	
0	0	0	
0	0	0	
(329)	(242)	(87)	36%
2,780	2,858	(78)	(3%)

0	0	
0	0	
0	0	
0	(329)	
2,814	(34)	(1%)

Total interest

2,451	2,616	(165)	(6%)
-------	-------	-------	------

2,814	(363)	(13%)
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* Includes any overspend on bursaries, discretionary funds, and student funds received from SAAS, but excludes childcare funds.

UHI Inverness College

ANNUAL STAFFING EFFICIENCIES

- 1 FTE Staff reduction - vacancy management
- FTE Staff reduction - voluntary severance (related restructuring costs to be set out in section 2 below)
- FTE Staff reduction - compulsory redundancy (redundancy costs to be set out in section 2 below)
- Staff reduction - total**

Actual 2024-25 FTE	Actual 2023-24 FTE
13	2
0	0
0	0
13	2

£000 £000

- 2 Voluntary severance costs
- Compulsory redundancy costs
- Total**

0	0
0	0
0	0

Staff restructuring costs per SOCIE

0	0
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UHI Inverness College
PENSION CONTRIBUTIONS

*Please enter explanations for any significant variances in column I

	Actual 2024-25	Actual 2023-24	I-----Variance-----I		
EMPLOYER PENSION CONTRIBUTIONS	£000	£000	£000	%	Explanation
Scottish Teachers Superannuation Scheme	1,915	1,874	41	2%	
Local Government Pension Scheme	1,179	1,261	(82)	(7%)	
Other - name	0	0	0		
Other - name	0	0	0		
Total employer contributions	3,094	3,135	(41)	(1%)	

ITEM 07.c.7

ADJUSTED OPERATING POSITION

Surplus / (deficit) before other gains and losses and share of operating surplus / deficit of joint ventures and associates

Add:

Total depreciation (Government-funded, privately funded and NPD-funded assets) net of deferred capital grant release (incorporated colleges only)

Exceptional non-restructuring items (e.g. impairment costs)

Non-cash pension adjustment - Net service cost (FRS 102 Staff cost adjustment)

Non-cash pension adjustment - net interest cost

Non-cash pension adjustment - Early retirement provision year-end revaluation charged to SOCI

Donation to Arms Length Foundation (incorporated colleges only)

Costs of middle management job evaluation exercise not matched by revenue

Deduct:

Non-Government capital grants credited to SOCI (e.g. ALF capital grant)

Exceptional income (if disclosed as exceptional in accounts)

Revenue funding allocated to non-SOCI payments e.g loan repayments and other balance sheet items (incorporated colleges only)

NPD income applied to reduce NPD balance sheet debt

Adjusted operating position

Actual 2024-25 £000	Actual 2023-24 £000	Forecast 2024-25 £000
-843	158	(1,315)
1,129	(286)	700
0	0	0
181	198	0
(329)	(242)	0
(14)	125	0
0	0	0
377	367	378
561	0	0
0	0	0
1,032	941	817
0	0	0
(1,092)	(621)	(1,054)

UHI Inverness College

Revenue funding allocated to non-SOCI payments (incorporated colleges only)

	Actual 2024-25 £000	Actual 2023-24 £000
	£000	£000
Loan repayments	0	0
NPD / PFI repayments	1,032	941
Estates costs	0	0
Provisions pre 1 April 2014	0	0
Total	1032	941

UHI Inverness College

*Please enter explanations for any significant variances in columns I and M

BALANCE SHEET		Actual 2024-25	Actual 2023-24	Variance		Explanation	Forecast 2024-25	Variance		Explanation
		£000	£000	£000	%		£000	£000	%	
1 Non-current assets	a) Intangible assets	0	0	0			0	0		
	b) Fixed assets	57,081	57,869	(788)	(1%)		57,465	(384)	(1%)	
	c) Investments	0	0	0			0	0		
Total Non-Current Assets		57,081	57,869	(788)	(1%)		57,465	(384)	(1%)	
2 Current assets	a) Stocks	43	51	(8)	(16%)		51	(8)	(16%)	
	b) Debtors	979	1,199	(220)	(18%)		1,199	(220)	(18%)	
	c) Investments	0	0	0			0	0		
	d) Cash and cash equivalents	4,755	8,619	(3,864)	(45%)		5,000	(245)	(5%)	
	e) Other (e.g. assets for resale)	0	0	0			0	0		
Total Current Assets		5,777	9,869	(4,092)	(41%)		6,250	(473)	(8%)	
3 Less Creditors: Amounts falling due within one year	a) Bank loans and external borrowing	0	0	0			0	0		
	b) Bank overdrafts	0	0	0			0	0		
	c) Lennartz creditor	0	0	0			0	0		
	d) Obligations under finance leases and service concessions	0	0	0			0	0		
	e) Payments received in advance	910	1,694	(784)	(46%)		1,094	(184)	(17%)	
	f) Amounts owed to SFC	0	0	0			0	0		
	g) Obligations under PFI / NPD	1,132	1,033	99	10%		1,033	99	10%	
	h) Deferred capital grant	360	440	(80)	(18%)		300	60	20%	
	i) Other creditors and accruals	2,479	4,385	(1,906)	(43%)		3,275	(796)	(24%)	
Total Creditors: Amounts falling due within one year		4,881	7,552	(2,671)	(35%)		5,702	(821)	(14%)	
Net current assets / (liabilities)		896	2,317	(1,421)	(61%)		548	348	64%	
Total assets less current liabilities		57,977	60,186	(2,209)	(4%)		58,013	(36)	(0%)	
4 Creditors: amounts falling due after more than one	a) Local authority loans	0	0	0			0	0		
	b) Bank loans and external borrowing	0	0	0			0	0		
	c) Lennartz creditor	0	0	0			0	0		
	d) Obligations under finance leases and service concessions	0	0	0			0	0		
	e) Obligations under PFI / NPD	31,665	32,797	(1,132)	(3%)		31,857	(192)	(1%)	
	f) Deferred capital grant	5,990	6,296	(306)	(5%)		6,000	(10)	(0%)	
	g) Amounts repayable to SFC	0	0	0			0	0		
	h) Other creditors	0	0	0			0	0		
Total Creditors: Amounts falling due after more than one year		37,655	39,093	(1,438)	(4%)		37,857	(202)	(1%)	
5 Provisions	a) Pension provision	61	(6,672)	6,733	(101%)		(4,922)	4,983	(101%)	
	b) Provision for unfunded pension costs	1,594	1,750	(156)	(9%)		0	1,594		
	b) Other provision	2,397	2,020	377	19%		2,398	(1)	(0%)	
TOTAL NET ASSETS / (LIABILITIES)		16,270	23,995	(7,725)	(32%)		22,680	(6,410)	(28%)	
6 Restricted reserves	a) Endowment reserve	0	0	0			0	0		
	b) Restricted reserve	0	0	0			0	0		
Total Restricted Reserves		0	0	0			0	0		
7 Unrestricted reserves	a) Income and expenditure reserve	1,043	8,768	(7,725)	(88%)		7,453	(6,410)	(86%)	
	b) Revaluation reserve	15,227	15,227	0	0%		15,227	0	0%	
Total Unrestricted Reserves		16,270	23,995	(7,725)	(32%)		22,680	(6,410)	(28%)	
8 Non-controlling Interest		0	0	0			0	0		
TOTAL RESERVES		16,270	23,995	(7,725)	(32%)		22,680	(6,410)	(28%)	

UHI Inverness College

LIQUIDITY ANALYSIS

		Actual 2024-25 £000	Actual 2023-24 £000	I-----Variance-----I	
				£000	%
1 Current assets	a) Stocks	43	51	(8)	(16%)
	b) Debtors	979	1,199	(220)	(18%)
	c) Investments	0	0	0	
	d) Cash and cash equivalents	4,755	8,619	(3,864)	(45%)
Total Current Assets		5,777	9,869	(4,092)	(41%)
2 Less Creditors: Amounts falling due within one year	excl Deferred Capital Grants				
	a) Bank loans and external borrowing	0	0	0	
	b) Bank overdrafts	0	0	0	
	c) Lennartz creditor	0	0	0	
	d) Obligations under finance leases and service concessions	0	0	0	
	e) Payments received in advance	910	1,694	(784)	(46%)
	f) Amounts owed to SFC	0	0	0	
	g) Obligations under PFI / NPD (Unfunded Only)	0	0	0	
	h) Other creditors and accruals	2,479	4,385	(1,906)	(43%)
Total Creditors: Amounts falling due within one year		3,389	6,079	(2,690)	(44%)
Liquidity position (Baseline Cash)		2,388	3,790	(1,402)	(37%)
Liquidity ratio		1.70	1.62	0	

ADDITIONAL INFORMATION

Longer Term Obligations under PFI / NPD (Unfunded Only)

Other Longer Term Liabilities in Balance Sheet resulting in cash outflows

Other Cash Commitments not included in Balance Sheet

0	0	0
0	0	
0	0	
2,388	3,790	(1,402)

Liquidity position less Longer Term Cash Liabilities/Commitments

UHI Inverness College

Cashflow	Actual	Actual	Variance		Explanation	Forecast	Variance	
	2024-25 £000	2023-24 £000	£000	%		2024-25 £000	£000	%
1 Cash flow from operating activities								
a) Surplus / (deficit) for the year	(843)	(309)	(534)	173%		(1,315)	472	(36%)
2 Adjustment for non-cash items								
a) Depreciation	1,612	1,394	218	16%		1,000	612	61%
b) Amortisation of intangibles	(148)	(44)	(104)	236%		0	(148)	
c) Benefit on acquisition	0	0	0			0	0	
d) Amortisation of goodwill	0	0	0			0	0	
e) Loss / (gain) on investments	0	0	0			0	0	
f) Decrease / (increase) in stock	7	(3)	10	(333%)		0	7	
g) Decrease / (increase) in debtors	220	(50)	270	(540%)		0	220	
h) Increase / (decrease) in creditors	(3,076)	523	(3,599)	(688%)		(1,710)	(1,366)	80%
i) Increase / (decrease) in pension provision	221	347	(126)	(36%)		0	221	
j) Increase / (decrease) in other provisions	0	0	0			(177)	177	(100%)
k) Receipt of donated equipment	0	0	0			0	0	
l) Share of operating surplus / (deficit) in joint venture	0	0	0			0	0	
m) Share of operating surplus / (deficit) in associate	0	0	0			0	0	
n) Other	0	0	0			0	0	
Total adjustment for non-cash items	(1,164)	2,167	(3,331)	(154%)		(887)	(277)	31%
3 Adjustment for investing or financing activities								
a) Investment income	(169)	(181)	12	(7%)		(150)	(19)	13%
b) Interest payable	2,452	2,616	(164)	(6%)		2,814	(362)	(13%)
c) Endowment income	0	0	0			0	0	
d) Loss / (gain) on the sale of assets	0	0	0			0	0	
e) Capital grant income	0	0	0			0	0	
Total adjustment for investing or financing activities	2,283	2,435	(152)	(6%)		2,664	(381)	(14%)
4 Net cash inflow from operating activities	276	4,293	(4,017)	(94%)		462	(186)	(40%)
5 Cash flow from investing activities								
a) Proceeds from sales of fixed assets	0	1,240	(1,240)	(100%)		0	0	
b) Proceeds from sales of intangible assets	0	0	0			0	0	
c) Capital grants receipts	0	0	0			0	0	
d) Disposal of non-current asset investments	0	0	0			0	0	
e) Withdrawal of deposits	0	0	0			0	0	
f) Investment income	169	181	(12)	(7%)		150	19	13%
g) Payments made to acquire fixed assets	(825)	(312)	(513)	164%		(600)	(225)	38%
h) Payments made to acquire intangible assets	0	0	0			0	0	
i) New non-current asset investments	0	0	0			0	0	
j) New deposits	0	0	0			0	0	
Total cash flows from investing activities	(656)	1,109	(1,765)	(159%)		(450)	(206)	46%
6 Cash flows from financing activities								
a) Interest paid	329	242	87	36%		0	329	
b) Interest element of finance lease and service concession	(2,781)	(2,859)	78	(3%)		(2,814)	33	(1%)
c) Endowment cash received	0	0	0			0	0	
d) New secured loans	0	0	0			0	0	
e) New unsecured loans	0	0	0			0	0	
f) Repayments of amounts borrowed	(1,032)	(941)	(91)	10%		(817)	(215)	26%
g) Capital element of finance lease and service concession payments	0	0	0			0	0	
Total cash flows from financing activities	(3,484)	(3,558)	74	(2%)		(3,631)	147	(4%)
7 (Decrease) / increase in cash and cash equivalents in the year	(3,864)	1,844	(5,708)	(310%)		(3,619)	(245)	7%
8 Cash and cash equivalents at beginning of the year	8,619	6,775	1,844	27%		8,619	0	0%
9 Cash and cash equivalents at the end of the year	4,755	8,619	(3,864)	(45%)		5,000	(245)	(5%)

UHI Inverness College

BALANCE SHEET MOVEMENTS

1 Breakdown of current asset investments

Figure per balance sheet

Actual 2024-25 £000	Actual 2023-24 £000
---------------------------	---------------------------

0	0
---	---

Representing:

Funds from disposal of fixed assets

Funds held for third parties

Student support funds

Other restricted funds

Unrestricted cash

0	0
0	0
0	0
0	0
0	0
0	0
0	0

2 Breakdown of cash and cash equivalents

Figure per balance sheet

Actual 2024-25 £000	Actual 2023-24 £000
---------------------------	---------------------------

4,755	8,619
-------	-------

Representing:

Funds from disposal of fixed assets

Funds held for third parties

Student support funds

Funds due to be returned to SFC

Other restricted funds

Underlying cash

750	773
0	0
287	579
0	0
400	2,100
3,318	5,167
4,755	8,619

3 Capital Expenditure Additions and Methods of Financing

Expenditure:

Land & Buildings

Equipment & Others

Actual 2024-25 £000	Actual 2023-24 £000
---------------------------	---------------------------

473	210
351	102
824	312

Financed by:

Cash reserves

ALF grants

Leasing

SFC / RSB grant

Re-investment of proceeds from disposal of assets*

Non-SFC / RSB grants

PFI / NPD

Other - please specify if material

0	0
561	0
0	0
118	118
0	0
145	194
0	0
0	0
824	312

* to be included only where this has been agreed by SFC

Capital disposals

Disposal proceeds:

Longman Site

Asset description

Asset description

Asset description

Actual 2024-25 £000	Actual 2023-24 £000
---------------------------	---------------------------

0	1,240
0	0
0	0
0	0
0	1,240

Gain/(loss) on disposal:

Asset description

Asset description

Asset description

Asset description

0	(467)
0	0
0	0
0	0
0	(467)

UHI Inverness College

	Building £'000	Land £'000	Transport Equipment £'000	Plant & Machinery £'000	Payments on account & assets under construction £'000	IT Hardware & Equipment £'000	Furniture and Fittings £'000	Total £'000
Property, plant & equipment Cost								
Carried forward at 31 July 2024 (as shown in last year's accounts)	0	0	0	0	0	0	0	0
Adjustment	0	0	0	0	0	0	0	0
Restated balance	0	0	0	0	0	0	0	0
At 1 August 2024	60,617	2,171	0	4,007	0	1,323	1,073	69,191
Additions	473	0	0	351		0	0	824
Additions - dwellings (improvements, acquisitions & new construction)					0			0
Additions - buildings (improvements, acquisitions & new construction)					0			0
Additions - land (improvements & acquisitions)					0			0
Additions - plant, machinery & equipment (new construction)					0			0
Capitalised provisions	0	0						0
Donations	0	0	0	0	0	0	0	0
Impairment losses	0	0	0	0	0	0	0	0
Impairment reversal	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
As at 31 July 2025	61,090	2,171	0	4,358	0	1,323	1,073	70,015
Property, plant & equipment Depreciation								0
Carried forward at 31 July 2024 (as shown in last year's accounts)	0		0	0		0	0	0
Adjustment	0		0	0		0	0	0
Restated balance	0		0	0		0	0	0
At 1 August 2024	5,228		0	3,698		1,323	1,073	11,322
Depreciation charge for the year	1,409		0	203		0	0	1,612
Impairment depreciation	0		0	0		0	0	0
Impairment reversal depreciation	0		0	0		0	0	0
Disposals depreciation	0		0	0		0	0	0
Revaluation depreciation	0		0	0		0	0	0
Reclassifications depreciation	0		0	0		0	0	0
Transfers depreciation	0		0	0		0	0	0
As at 31 July 2025	6,637		0	3,901		1,323	1,073	12,934
NBV at 31 July 2025	54,453	2,171	0	457	0	0	0	57,081
NBV at 31 July 2024	55,389	2,171	0	309	0	0	0	57,869
Asset financing								0
Owned assets	476	0	0	0	0	0	0	476
On balance sheet PFI assets	53,977	2,171	0	457	0	0	0	56,605
PFI residual interest	0	0	0	0	0	0	0	0
Finance leased	0	0	0	0	0	0	0	0
NBV at 31 July 2025	54,453	2,171	0	457	0	0	0	57,081
Check	0	0	0	0	0	0	0	

0

UHI Inverness College**From Staff Costs Note:**

2024-25 Staff total (FTE)

Permanent Staff FTE	Non-Permanent Staff FTE
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324	7
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From Operating Costs Note:

2024-25 Payments to external auditor

External Audit Costs £000	Other Services £000
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31	0
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Other disclosures:

Do the accounts disclose any post balance sheet events?

No

Do the accounts disclose any contingent liabilities?

no

UHI Inverness College

Summary

	Actual 2024-25	Actual 2023-24
Income ratios		
Total Income	30,095	30,509
Total SFC / RSB Grant as % of Total Income	72.6%	73.7%
Non-SFC / RSB Income as % of Total Income	27%	26%
Total Education Contracts and Tuition Fees as % of Total Income	16%	15%
Total Research Grants and Contracts as % of Total Income	3%	3%
Total Other Income as % of Total Income	8%	8%
Total Endowment & Investment Income as % of Total Income	1%	1%
European Income as % of Total Income	3%	3%
Expenditure ratios		
Total Expenditure	30,938	30,351
Staff Costs as % of Total Expenditure	64%	63%
Premises Costs as % of Total Expenditure	10%	11%
Operating position		
Operating Surplus / (deficit) before other gains and losses	(843)	158
Operating Surplus / (deficit) as % of Total Income	-2.8%	0.5%
Adjusted operating surplus / (deficit) before gains and losses	(-1,092)	(621)
Adjusted operating surplus / (deficit) as % of total income	-3.6%	-2.0%
Balance Sheet strength		
Liquidity Ratio	1.70	1.62
Total borrowing (overdrafts, loans, finance leases, Lennartz, PFI / PPP and NPD)	32,797	33,830
Total borrowing as % of total income	109%	111%
Gearing	2.0	1.4
Interest Cover	0.7	1.1
Cash Position		
Cash and Current Asset Investments less Overdraft	4,755	8,619
Days Ratio of Cash to Total Expenditure	59	109
Days of Unrestricted Cash to Total Expenditure	41	65
Net cash inflow from operating activities	276	4,293
Net cash inflow from operating activities as a % of total income	1%	14%

UHI | INVERNESS

Subject/Title:	Items approved via written procedure
Author: [Name and Job title]	Ludka Orłowska-Kowal, Governance Officer
Meeting:	Board of Management
Meeting Date:	16 December 2025
Date Paper prepared:	08 December 2025
Brief Summary of the paper:	This paper provides the Board with the list of items that have been approved by the members via email approvals.
Action requested: [Approval, recommendation, discussion, noting]	Ratification

Link to Strategy: Please highlight how the paper links to, or assists with:: <input type="checkbox"/> compliance <input type="checkbox"/> partnership services <input type="checkbox"/> risk management <input type="checkbox"/> strategic plan <input type="checkbox"/> new opportunity/change	New Opportunity/Change, Compliance
Resource implications:	Yes / No If yes, please specify:
Risk implications:	Yes / No If yes, please specify: Operational: Organisational:
Equality and Diversity implications:	Yes/ No If yes, please specify:
Student Experience Impact:	Yes/ No If yes, please specify:
Consultation: [staff, students, UHI & Partners, External] and provide detail	N/A
Status – [Confidential/Non confidential]	Non-Confidential

ITEM 08.

Freedom of Information Can this paper be included in “open” business* [Yes/No]	Yes		
*If a paper should not be included within “open” business, please highlight below the reason.			
Its disclosure would substantially prejudice a programme of research (S27)		Its disclosure would substantially prejudice the effective conduct of public affairs (S30)	
Its disclosure would substantially prejudice the commercial interests of any person or organisation (s33)		Its disclosure would constitute a breach of confident actionable in court (s36)	
Its disclosure would constitute a breach of the Data Protection Act (s38)		Other (Please give further details)	

Further guidance on application of the exclusions from Freedom of Information legislation is available via

<http://www.itspublicknowledge.info/ScottishPublicAuthorities/ScottishPublicAuthorities.asp> and

http://www.itspublicknowledge.info/web/FILES/Public_Interest_Test.pdf

Recommendation

The Board is being asked to confirm the final approval of following documents that had been approved by Members via email approval procedure prior the Board meeting.

Following items needed approval:

1. Governance Reports

- a.) Draft Annual Audit Report 2024/25
- b.) Self-Evaluation and Action Plan (SEAP) Report 2024/25

2. Policies for Approval

- a.) Student Conduct Policy
- b.) Business Continuity Policy
- c.) Waste Management Policy
- d.) Supporting Probation Policy
- e.) Public Interest Disclosure Policy (coming directly to Board for approval)
- f.) ICT Business Continuity Policy

Subject/Title:	KPI Report – Period 3 YTD
Meeting and date:	Tuesday 16 th December 2025
Author:	Martin Whyte
Decision, Discussion or Noting:	Noting / Discussion
Link to Strategic Plan:	Links to all strategic objectives
Cost implications:	Yes / No <i>(delete as applicable)</i> If yes, please specify:
Risk assessment:	Yes / No <i>(delete as applicable)</i> If yes, please specify: Financial: Operational: Organisational:

Recommendation(s)

The committee notes KPI year to date performance as of the end of period 3, October 2025.

Summary

Twenty-eight KPI measures were in scope as at Period 3, October 2025.

Eighteen measures are satisfactory / met (Green).
Seven measures are unsatisfactory / not yet met (Red),
Three measures are marginal / not yet met (Amber).

Comment on In-Scope Measures – Period 3, October 2025.

The following commentary relates to in-scope measures with movement since the last report.

FE Credits. Serial 3. 105.4%. GREEN.

FE Credits as at period 3, Oct 25 is 24,237 against 23,000 planned. This represents 91.6% of the full year SFC funded FE Credit threshold.

Apprenticeship Starts. Serial 4. 108.1%. GREEN.

240 new apprentice starts are in place for the period to end of October 2025 against planned 222. Recruitment is ahead of the required SDS key performance level for the period.

Apprentices in Learning. Serial 5. 112.5%. GREEN.

759 apprentices are in learning (average) against 675 planned. We continue to maintain a high average number of apprentices in learning each year.

Apprenticeship Income. Serial 6. 144.6%. GREEN.

Apprenticeship Income YTD is £525,052 against profile of £363,000.

Claims submitted in the period (£129,000) are in line with the profile (£128,000). SDS MA income remains ahead of plan for the year.

Commercial Short Course Income. Serial 8. 281.4%. GREEN.

Short course income YTD £52,770 against planned £18,750. Over £16,000 of recorded income for October relates to the NEBOSH short course, which is pleasing to see. A further £11,000 of Green Skills Funding has been earned YTD. These proceeds are claimed quarterly from the Highland Council.

HE Enrolments (head count). Serial 9. 107.5%. GREEN.

Actual HE enrolments as at the end of October are 2,149 against 2,000 planned. Planned enrolments increase to 2,000 in October before dropping to 1,950 until semester 2 recruitment. The decrease from September (2,236) relates to expected early withdrawals. More recent enrolment details are contained in the MIS Manager report.

HE FTE (APC Figures). Serial 11. 181.9%. GREEN.

HE FTE (SFC fundable) student numbers are 1,455 as at the end of October. This is significantly more than the profile for the period which is due to prompt loading of student data to the relevant modules and units. Prompt loading is welcome as it provides an earlier accurate picture of funded HE recruitment. There remains a small number of HE students with data to load. January start course applications are being monitored and at the time of writing there are 50 accepted offers. These students will be less than a full FTE but will be a welcome addition to HE recruitment. HE FTE for the same period last year was 938 FTE, rising to 1,260 FTE by the end of December.

GA Programmes – New Enrolments. Serial 13. 88.5%. RED.

New GA enrolments have increased to 115 which is a good performance but unfortunately below the figure that we targeted (130). As mentioned in the previous report, the shortfall mostly relates to GA Accounting (14) and Early Education and Childcare (7). Despite the gap, the growth in GAs remains strong and is key for the partnership's HE recruitment. Data extracted from the UHI FTE Analysis dashboard shows that as at November 2025 there are 328 FTE enrolled in GA programmes across UHI of which 262 FTE are enrolled at UHI Inverness.

Early Satisfaction and Engagement Survey (ESES). Serial 18. 100%. GREEN.

ESES result was once again excellent, achieving our target of 96% student satisfaction.

ESES % Response Rate. Serial 23. 105.0%. GREEN.

63% response rate was achieved against an objective of 60%. Tremendous outcome which also ensured that our charitable partner (Blood Bikes) received the maximum donation.

MA Successful Outcomes. Serial 32. 95.6%. AMBER.

MA success rates marginally increased to 71.7% in period 3 (71.5%) with the sector benchmark being 75%.

*Completion data is skewed by the design of some frameworks. Over the course of this year, we will review and likely revise how this is reported to provide accurate detail of success against what is achievable within the period.

Mental Health Support Appt. Serial 35. 102.7%. GREEN.

100% of requests received an appointment within 3-10 working days during the period. The counselling team deliver a tremendous service to our students.

Learning Support Appt. Serial 36. 84.2%. RED.

As at the end of October 82% of Learning Support appointments were offered a meeting within 6-20 working days. This is against plan of 97%.

The ASN team received approximately 900 disclosures since the start of the AY. The Wellbeing and Learning Support team have been focussed on supporting our students and additional resource was committed to support this.

PLSP – completed and accepted by the student. Serial 37. 87.5%. RED.

New measure to monitor the proportion of PLSPs that are accepted by students following the Learning Support Appointment measured at serial 36. The percentage has increased from 70% in period 1 to 78% in period 3.

Sickness Levels. Serial 40. 97.0%. GREEN.

Sickness levels for the first quarter are 2.6% against plan 2.68%. Absences are categorised as short-term – 1.31%, long-term – 1.29%. Further information is contained within the Head of HR report to committee.

% Staff Turnover. Serial 43. 110.3%. RED.

Staff turnover for the quarter is 3.95% against plan 3.58%. The first quarter tends to see the highest proportion throughout the year which is reflected in the profile across the year. Head of HR committee report provides further information.

Number of Workplace Injuries. Serial 47. 84.1%. GREEN.

15 injuries recorded in period 3 against profile of 25. The number of minor cuts within hairdressing and barbering has reduced which is pleasing and as predicted by the DCL for the subject area. HS&S Manager monitors this closely.

Number of RIDDOR Reportable Accidents & Illnesses. Serial 48. RED.

One RIDDOR accident recorded in October. The incident related to a joinery apprentice injuring the back of their hand with a handsaw that jumped out of the cut they were making. The party took themselves to A&E and had the injury glued.

% of Staff Completed Mandatory H&S Trg. Serial 49. 97.5%. AMBER.

Current data shows that 78% of staff have completed their mandatory H&S trg. The data is affected by the phased changeover in H&S training system, moving away from iHASCO to Safety Hub. Some staff are to be migrated to Safety Hub.

Room Occupancy – Frequency %. Serial 59. 94.3%. RED.

Occupancy for the period was 32% against plan 35%. This factors in the October break period. Slightly behind planned occupancy in the month. Will monitor over the coming months.

CO2 Emissions on Utilities (gross Tonnes). Serial 60. 91.7%. GREEN.

2025-26 target is 16% lower than previous year actual. Period 3 actual 41 tonnes against 42.04 planned. Pleasing to see that this measure was within plan for the month of October.

Estates Reactive Task Completion Rate %. Serial 62. 99.3%. GREEN.

The team achieved the targeted 96% completion in the period. Estates Supervisor monitors estates requests and completion rates.

GTfM % Reactive Task Completion Rate. Serial 63. 101.7% GREEN.

GTfM met their objective completing 98% of their tasks against 96% plan.

The information is accessible to all department managers and board members via SharePoint at: IN Management Information > Documents > KPI Matrix

Performance Measures

AY: 2025-2026

Performance Measures- EMT & Board of Management

Measures - Linked to Profile and Actual sheets

AY Start	01 Aug 2025	Key:	B = Not yet in scope
Today	24 Nov 2025		R = Not Achieved
Period Month	October		A = Partially Achieved
No.Periods YTD	3		G = Achieved

Measure		Measurement Frequency	Prior Year Actual	Current Year Target	YTD TARGET	YTD ACTUAL	YTD ACTUAL v TARGET RAG
3	FE Credits	Monthly	27085	26,442	23,000	24,237	105.4%
4	Apprenticeship starts	Monthly	409	382	222	240	108.1%
5	Apprentices in Learning (average in year)	Monthly	705	675	675	759	112.5%
6	Apprenticeship Income (excluding T&A)	Monthly	£1,398,960	£1,300,000	£363,000	£525,052	144.6%
8	Commercial Short Course Income	Monthly	£72,508	£75,000	£18,750	£52,770	281.4%
9	HE enrolments (head count)	Monthly	2,074	2,100	2,000	2,149	107.5%
10	HE enrolments (year one starts)	Annual	637	750	750	867	115.6%
11	HE FTE (APC figures) (from Oct)	Monthly	1,313.0	1,581.0	800.0	1,455.0	181.9%
13	GA Programmes - New Enrolments	Monthly	191	130	130	115.0	88.5%
14	Senior Phase Enrolments	Annual	574	564	564	542.0	96.1%
18	Early Satisfaction & Engagement Survey (ESES)	Annual	95.7%	96%	96.0%	96.0%	100.0%
23	ESES % Response Rate	Annual	61.0%	60%	60.0%	63.0%	105.0%
32	Modern Apprenticeship successful outcomes (contract year)	Monthly	63.2%	75%	75.0%	71.7%	95.6%
35	Mental Health Support appt (non-emergency) offered for within 3 - 10 working days	Monthly	98.0%	97.0%	97.0%	100%	102.7%
36	Learning Support appt offered for within 6 - 20 working days	Monthly	100.0%	97.0%	97.0%	82%	84.2%
37	PLSP - completed and accepted by student (within 10 days of meeting)	Monthly	-	85.0%	85.0%	74.3%	87.5%
40	Sickness levels	Quarterly	3.63%	2.98%	2.68%	2.60%	97.0%
43	% Staff turnover	Quarterly	2.35%	2.45%	3.58%	3.95%	110.3%
44	PRD completion - full or review	Quarterly	44%	75%	100%	66%	65.8%
47	Number of workplace injuries	Monthly	115	115	44	37	84.09%
48	Number of RIDDOR reportable accidents and illness	Monthly	5		1	3	3
49	% of staff completed mandatory IHASCO (H&S) Trg	Quarterly	84%	80%	80.0%	78.0%	97.5%
59	Room Occupancy - Frequency %	Monthly	40.2%	38.0%	30.7%	28.9%	94.3%
60	CO2 Emissions on Utilities (gross) Tonnes	Monthly	561	532	110	101	91.7%
61	CO2 Emissions on Waste - Tonnes	Quarterly	0.821	0.780	0.196	0.108	55.2%
62	Estates reactive task completion rate %	Monthly	95%	96%	96%	95.3%	99.3%
63	GTFM % reactive task completion rate	Monthly	95%	96%	96%	97.7%	101.7%
64	Total % of Capital expenditure budget committed (Aug - March)	Monthly	100%	100%	37.5%	62.0%	165.3%

Subject/Title:	Principal's Report
Author: [Name and Job title]	Professor Chris O'Neil Principal
Meeting:	Board of Management
Meeting Date:	16 December 2025
Date Paper prepared:	10 December 2025
Brief Summary of the paper:	<p>This report provides the Board of Management with an overview of new and continuing activity including:</p> <ul style="list-style-type: none"> • Texas State University Project • Pathway to Medicine • Augsburg Visit • Resilience, Planning and Benchmarking – Savings Plan • Transformation Meeting with all Staff
Action requested: [Approval, recommendation, discussion, noting]	For Discussion

Link to Strategy: Please highlight how the paper links to, or assists with: <input type="checkbox"/> compliance <input type="checkbox"/> partnership services <input type="checkbox"/> risk management <input type="checkbox"/> strategic plan <input type="checkbox"/> new opportunity/change	Strategic plan
Resource implications:	Yes / No N/A If yes, please specify:

Risk implications:	Yes / No N/A If yes, please specify:
Equality and Diversity implications:	Yes/ No If yes, please specify:
Student Experience Impact:	Yes /No If yes, please specify: Financial implications
Consultation: [staff, students, UHI & Partners, External] and provide detail	
Status – [Confidential/Non confidential]	No
Freedom of Information Can this paper be included in “open” business* [Yes/No]	Yes
*If a paper should not be included within “open” business, please highlight below the reason.	
Its disclosure would substantially prejudice a programme of research (S27)	Its disclosure would substantially prejudice the effective conduct of public affairs (S30)
Its disclosure would substantially prejudice the commercial interests of any person or organisation (s33)	Its disclosure would constitute a breach of confident actionable in court (s36)
Its disclosure would constitute a breach of the Data Protection Act (s38)	Other (Please give further details)

Further guidance on application of the exclusions from Freedom of Information legislation is available via

<http://www.itspublicknowledge.info/ScottishPublicAuthorities/ScottishPublicAuthorities.asp> and

http://www.itspublicknowledge.info/web/FILES/Public_Interest_Test.pdf

Principal's update

December 2025

Introduction

This has been a very demanding term. We are finding it increasingly challenging to deliver our business as usual in addition to the demands of the Transformation Project. This challenge and focus extend across the partnership and as referenced below, is having an impact upon our business planning and growth.

It is to the credit of our colleagues that the quality and associated indicators of our work are being recognised nationally and are reported elsewhere in this BoM.

Texas State University Project

As the Board knows, there were significant concerns raised regarding the non-approval of the Joint Aspect of the MSc Engineering and Built Environment Management by UHI with Texas State University. The UHI Inverness Projects team feels this is embarrassing given the length of time spent on this project to collate information, manage the documentation needed and the assurances given by the Deputy Principal of Academic and Research. Following the non-approval, a report was submitted to the projects team who believe that many of the points raised should have been done so as recommendations, possibly conditions and not reasons for a re-approval event. One reason stated for the non-approval was the need for a legal agreement despite the project manager being assured by UHI this was not needed for the approval event.

After meeting with the vice president for TXST Global at Texas State University it has since been agreed that we will proceed and develop a Dual Award, which will give some additional benefits for our colleagues and students by using the 12 month delay for this course (2027 instead of 2026) to create some 'additionality'. The MOU with Texas State was signed in 2024 and committed UHI to working with Texas State and building 'additionality' through the ongoing relationship.

Pathway to Medicine

Similar concerns to the above are coming to light in the new Pathway to Medicine project which is currently going through planning approval stages. The projects team have met with the two Associate Deans at UHI to ensure they are kept up to date on the progress only to be advised that the planning team will likely not be able to get this completed as pace to meet the September 2026 start date.

UHI Inverness has been approached by NHS Highland to set up a Pathway to Medicine Programme with Aberdeen University's School of Medicine and Raigmore Hospital. It is based on a model currently used between Aberdeen and the Northeast of Scotland College (NESCOT). This has been expanded to include Dentistry at Aberdeen University;

and in addition, includes the School of Pharmacy at Robert Gordon University and Veterinary Science at SRUC.

This is an extremely critical programme which is designed to widen access for non-traditional students and those from rural communities across the Highlands who aspire to pursue careers in medicine, dentistry, pharmacy and veterinary studies. It is regarded by NHS Highlands and Scottish Government as critically important. It will provide structured preparation in science foundations, academic study skills, and professional competencies, while also addressing barriers such as limited access to advanced science education and university preparation resources in rural schools. The UHI Inverness project team is ensuring that this is prioritised but feels this will not meet a September 2026 if the lack of capacity within the UHI planning team hinders the development.

Similar concerns were raised around a Social Work Graduate Apprenticeship framework that UHI Inverness was asked to develop and deliver. Lack of capacity at UHI meant that the University of West Scotland was presented with this opportunity and now has initial exclusive delivery through the pilot period and market advantage.

Scotland's first Graduate Apprentices in Social Work - Skills Development Scotland

Through Academic Council, UHI's EO has now decided to prioritise a post graduate qualification in Social Work, and we await further information.

Augsburg Visit

I was invited to visit Augsburg through the Inverness City Council. Inverness and Augsburg are twinned cities. We have been attending meetings and supporting a developing relationship between the cities that is based upon hydrogen production and use in civic contexts. The capacity and potential to produce vast amounts of green hydrogen through the Green Freeport and planned offshore net zero electricity is considerable.

The Council commissioned a report, which is attached, that lays out the full nature of the visit. Since producing the report, I have been invited to visit Augsburg as a part of a City Delegation in my role as Principal and, in parallel lead a technical delegation. Since presenting the report, the City Council has voted to invest in a hydrogen/diesel hybrid bus fleet and a hydrogen production plant. My role in leading the technical delegation moves from examining the opportunity to understanding what we need to develop to train and equip those that will work in the hydrogen sector. I have invited the Director of Economic Development and Advancement from EO to join the visit.

Resilience, Planning and Benchmarking – Savings Plan

UHI Inverness is recognised as being one of Scotland's most successful institutions. In gaining this position we have invested in our resources and our people having been in the enviable position of having a very strong cash position.

For the benefit of newer members of the Board, our Finance Director will explain how cash in an incorporated body such as UHI Inverness, can be used, how and why we have done so in the past and why we must now protect our cash position.

Short presentation from the Finance Director.

As seen in the presentation, we are concerned and we are taking actions to protect our cash position.

We have begun the process of vacancy management through our fortnightly Staff Resource Panel (SRP) meetings which were introduced as a part of our Financial Recovery Plan some 5 years ago. We are prioritising front line teaching staff with considered delay, alternative solutions or non-approval of other posts. A particular concern is the small number of long-term absences, and the associated HR and legal case work that we have which is having a disproportionate impact upon our sickness cover, HR and legal costs. However, it must be noted that our staff absence is (generally) lower than average and the same period last year.

In moving towards a savings plan we will continue with, and have instigated the following actions -

- Considered curriculum planning and staff resource allocation
- Budget monitoring and 'claw back' of budgets
- Technician support review
- Research review
- Support Centre review
- Joining the Etio (Tribal) Scottish Colleges finance and efficiency bench marking group
- Continued use of internal KPI and sector PI data
- Joining World Skills group for added value bench marking
- Assessing our approach to HR case work

This work is critically important so that we can develop a savings plan that has a minimal impact upon our core activities and success. We anticipate discussing progress on the plan and associated actions with HR Committee and full Board in February '26.

Transformation Meeting with all Staff

Verbal update

Professor Christopher O'Neil

UHI INVERNESS

Subject/Title:	Governance Update
Author: [Name and Job title]	Ludka Orlowska-Kowal Governance Officer
Meeting:	Board of Management
Meeting Date:	16 December 2025
Date Paper prepared:	08 December 2025
Brief Summary of the paper:	This paper provides the Board of Management with an update on all governance matters.
Action requested: [Approval, recommendation, discussion, noting]	Discussion and Noting.
Link to Strategy: Please highlight how the paper links to, or assists with:: <input type="checkbox"/> compliance <input type="checkbox"/> partnership services <input type="checkbox"/> risk management <input type="checkbox"/> strategic plan <input type="checkbox"/> new opportunity/change	Governance Compliance
Resource implications:	Yes / No If yes, please specify:
Risk implications:	Yes / No If yes, please specify: Operational: Organisational:
Equality and Diversity implications:	Yes/ No If yes, please specify:
Student Experience Impact:	Yes/ No If yes, please specify:
Consultation: [staff, students, UHI & Partners, External] and provide detail	N/A

Status – [Confidential/Non confidential]	Non-Confidential		
Freedom of Information Can this paper be included in “open” business* [Yes/No]	Yes		
*If a paper should not be included within “open” business, please highlight below the reason.			
Its disclosure would substantially prejudice a programme of research (S27)		Its disclosure would substantially prejudice the effective conduct of public affairs (S30)	
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http://www.itspublicknowledge.info/web/FILES/Public_Interest_Test.pdf

Externally Facilitated Effectiveness Review

To comply with the Code of Good Governance every college Board is expected to undergo an Externally Facilitated Effectiveness Review every 3-5 years. The latest review took place in 2020. Current review was conducted by Candy Munro, CDN, over the months August-November 2025.

Following steps were taken:

- Board survey
- Individual interviews with 13 Members
- Board workshop
- Evaluation of existing governance processes based on review of written materials provided by the Governance Officer
- Evaluation of existing governance processes based on survey results and interviews

The EER report was signed off on Monday 24th November 2025 by the Chair of the Board, the Principal, the Governance Officer and Candy Munro.

All recommendations will be included and discussed during Board self-evaluation meeting on Tuesday 20th January 2026. They will also be added to Committees agendas during the next meeting cycle in March 2026.

An action plan will be created during the self-evaluation session in January 2026 with clear timeline and action owners allocated. The action plan will be reviewed at the June 2026 Board of Management meeting.

The UHI Inverness Board of Management has been recognised as an effective Board with committed and experienced members who understand their roles and responsibilities.

The full and final Externally Facilitated Effectiveness Review report is attached as item 12.a. The report will be published on college website the Wednesday 17th December 2025.

Board Creative Session

Latest Board Creative Session took place on Tuesday 25th November with following presentations delivered by attending staff members:

1. Dochas Hub and Wellbeing Support
2. Emily Test work and Q&A
3. Student Work Experience Programme
4. Enquiring Minds Scheme and Research Connect
5. HNC for Senior Phase Pupils
6. Apprenticeships Growth

This evening session provided an opportunity for the Board to celebrate the outstanding performance and initiatives of college staff.

The Governance Officer is looking at another date in late February to schedule the second part of the session due to time constraints and staff availability on the day.

Board Self-Evaluation Session

The Self-Evaluation session will take place on Tuesday 20th January 2026 at 5pm via Microsoft Teams.

Following items will be discussed:

- RSB Effectiveness Review of Assigned Colleges Report November 2025
- EER Report and recommendations – Action Plan to be created
- KPI Matrix - measures to be identified within each Committee's remit

UHI Inverness

Externally Facilitated Effectiveness Review

25 November 2025

FINAL REPORT



Candy Munro
CDN Associate
candy.munro@btinternet.com
W: www.cdn.ac.uk

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1 INTRODUCTION

The **Code of Good Governance for Scotland's Colleges (the Code)** sets out the principles of good governance for colleges in Scotland. This review is against the 2024 Edition of the Code.

This review also takes into account the CDN [‘Overview of the External Governance Effectiveness Reviews for Scotland's Colleges 2020/21’](#) and the examples of effective governance practice highlighted in the report.

All colleges that receive funding from the Scottish Funding Council or, as in the case of UHI Inverness, a regional strategic body must comply with the Code as a condition of grant. Each board must state its adoption of the Code in its corporate governance statement contained within its annual financial statement.

The five principles set out in the Code provide a framework within which colleges are expected to develop their own policies and procedures.

The Code states that the college board must have in place a robust self-evaluation process. Para D. 24 states

‘The Board must keep its effectiveness under annual review and have in place a robust self-evaluation process. There should also be an externally facilitated evaluation of its effectiveness at least every three to five years’.

‘The Guide for Board Members in the College Sector’ and the ‘Board Development Framework’ provide additional guidance for college board members and Governance Professionals.

Methodology

This external effectiveness review included several stages aimed at building up an overview of the board's effectiveness. The components of the review process were:

- Initial meeting with the Chair, Principal and Governance Professional to agree the scope of the review and the overall project plan, 7th August 2025
- Observation of the 7th of October Board meeting
- Desk review of core governance documentation, including Board and Committee agendas reports and minutes.
- Interviews with the Chair, Vice Chair and Chair of LT&R Committee, Principal, Governance Professional, Chairs of FGP, HR, and Audit Committees, Student Member (with the outgoing Student Member), Academic and Professional Staff Members, TU Member, and a new Member.
- Board survey to seek Members' views of governing processes
- Board workshop to review conclusions and recommendations

2 EXECUTIVE SUMMARY

This is an external effectiveness review (EER) of the governance arrangements of UHI Inverness which is a college assigned to the University of the Highlands and Islands (UHI)

This review has been undertaken at a time of change, and some uncertainty, with the progression of the UHI Transformation Project. This is an ongoing, large-scale change programme aimed at making the University of the Highlands and Islands (UHI) and its network of colleges more integrated, efficient, and sustainable. A number of options are being considered each of which will have an impact on the governance of UHI Inverness.

This is an effective Board with committed and experienced members who understand their role and responsibilities. The results of the Board Survey reported high levels of satisfaction across all of the requirements of the Code.

Members provide constructive challenge balanced with support, holding the executive team to account for the delivery of agreed objectives.

Board practice clearly demonstrates compliance with the five principles set out in the Code. There is a commitment to embedding high standards of governance, which is well supported by the Governance Professional.

The new Chair, who was appointed in January 2025, has clear ambitions for the college and student success, enhancing the student experience and working towards financial sustainability.

Board culture is open, transparent, and supportive, and is underpinned by mutual respect and good communications.

There is a strong working relationship between the Chair, Principal and Governance Professional based on respect and an appreciation of roles and responsibilities.

There is a mature relationship between the Board and the executive team which is also based on respect and a clear understanding of roles and responsibilities. The committees are well supported by members of the executive team.

Following the last EER in 2021, a Board of Management Development Plan was put in place based on the recommendations in the report. All but one of the actions have been completed. The remaining action, building links with UHI, is ongoing. The successful completion of the Development Plan has had a positive impact on the governance arrangements of the college.

Although there is an excellent range of skills and experience across the Board there is a high proportion of relatively new members, who have joined in the last year or so, plus the new co-opted members. It is important to keep building the 'new' Board team, allow space for members to build effective working relationships and to ensure that new members benefit from the induction training, build confidence and quickly 'find their voice'.

3 EFFECTIVENESS REVIEW AGAINST THE CODE FOR GOOD GOVERNANCE IN SCOTLAND'S COLLEGES

3.1 Leadership and Strategy

This is an effective Board, and a high performing college in terms of student outcomes and student satisfaction.

Members understand strategic leadership, collective responsibility and the importance of setting and upholding the values and ethos of the college.

The Chair, who was appointed in January 2025, is providing proactive and effective leadership, building on the legacy of the previous Chair.

Board culture is open, reflective, transparent, and supportive. There is a clear commitment, and a rigorous approach, to embedding the principles of good governance.

The Board acknowledges the need for change to ensure the sustainability of the college, and the UHI partnership, and has engaged positively with the UHI Transformation Project. However, the Chair and the Board are clear that transparency, accountability, and proper governance principles must be maintained throughout, and that the quality of the student experience should be at the forefront.

The Transformation Project has taken up a significant amount of Board, and executive, time and energy adding additional pressure to the workload. In response to volume of business the Chair has re-structured Board meetings to allow time for robust scrutiny and debate.

Board members, at the time, were engaged in the development of the Strategic Plan 2022-2026, setting the purpose, vision, and values for the college along with the five strategic aims. Strategic KPIs were agreed which underpinned the strategic objectives.

Planning is now underway to refresh the strategic plan for the period 2026 onwards starting with an away day in February 2026. The student voice and the quality of the student experience will be central to board discussions and decision making.

Strategic planning will be a robust process, and each committee will be invited to reflect on progress and consider priorities for the future, based on the needs of students and the local economy.

Performance

There is a comprehensive performance measurement system in place. Each of the strategic aims is mapped to a set of KPIs which are reported to the relevant committees and then to the Board.

A KPI Matrix provides members with information on performance compared to targets set, and these are RAG rated. This is supported by useful narrative which provides further information on the RAG rating.

This approach enables the Board to monitor progress against strategic priorities and provide appropriate challenge and oversight.

Corporate Social Responsibility

The Board demonstrates high levels of corporate social responsibility and the Strategic Plan describes the contribution that the college makes to local economic development while improving the prospects of local communities.

Recommendation

The college is well connected to local, regional, and national initiatives but this is not always clear to Board members, especially the newer members. As part of the strategic planning process consideration should be given to a stakeholder mapping exercise. This would enable members to understand how the college interacts with the wider operating environment and support effective decision making.

3.2 Quality of the Student Experience

The quality of the student experience is clearly at the core of Board and committee discussion and decision making. The student voice, wellbeing and progression underpins debate and decision making. The Board has supported a range of initiatives to enhance the student experience and support the more disadvantaged students.

The Chair has met with the new student member, and discussed support and training needs to enable her to effectively fulfil her role as a full member of the board. The Chair also conducted an exit interview with the outgoing student member to discuss their experience and identify recommendations for the future.

The commitment to providing the best student experience is set out in the Strategic Plan 2022-2026.

“We will create a vibrant student experience that is underpinned by creative learning and teaching and proactive student support, designed through collaboration between students, staff and the wider community. We will ensure that all our students are supported at every stage of their journey, to achieve their full potential.”



The remit for the Learning, Teaching and Research Committee sets out the commitment to enhancing the student experience and quality monitoring and oversight.

“The Committee has overall strategic responsibility for developing, monitoring, and enhancing the direction and performance of learning, teaching, and research at the College as part of delivering excellence in the overall student experience, research, and impact.”

The Learning, Teaching and Research Committee plays a key role in scrutinising learning outcomes and student feedback and providing assurance to the full Board on the quality of the student experience and the provision of high quality and relevant learning.

This is a high performing college in relation to student outcomes and student satisfaction, with ambitions for further improvements over this academic year.

The student outcomes and satisfaction report to the Board on 7th October 2025 detailed improvements in student outcome across FE, HNC and HND courses. When compared to the latest published sector benchmarks UHI Inverness is one of the top performing colleges in Scotland.

Student satisfaction for 2024.25 also saw significant improvements sitting at 95% for the main survey, which was above target and the sector benchmark.

3.3 Board Accountability

The Board has effective oversight of the delivery of the agreed outcomes. As noted above the Board and committees receive regular updates on outcomes against targets set.

The KPI matrix provides detailed information on current year target, YTD target and YTD actual with a RAG rating which reflects YTD actual vs target.

Governance documents are comprehensive and kept under regular review. New members receive an Induction Handbook which introduces the college, the governance arrangements, and the role of a Board member.

Each committee, and the Board, has a Terms of Reference which sets out the membership and remit of the committee or Board. These are reviewed on a regular basis.



The committees are effectively led by skilled Chairs; agendas are well structured and aligned to the strategic objectives.

The committees are,

- Audit
- Finance and General Purposes
- Human Resources
- Learning, Teaching and Research
- Chairs
- Performance Review and Remuneration
- Search and Nominations

The committees are well run, and there is an appropriate level of trust in the committees to be rigorous in their scrutiny and provide assurance to the Board. Productive working relationships have been established between committee Chairs and the executive team members supporting each committee.

In response to the volume of business and in order to allow sufficient time for robust scrutiny and debate, changes have introduced to the structure of Board meetings. The effective use of the wider governance space through allocating time for creative space will continue but as separate sessions.

Members recently received training on the Ethical Standards Framework and the college Code of Conduct, including conflicts of interest and collective responsibility.

Decision making is transparent, properly informed and underpinned by collective responsibility. Decisions are based on robust data provided to members.

Board and committee papers are high quality, comprehensive and support strategic decision making. Each paper has a cover paper which provides a brief summary of the report, the action required and links to strategic objectives.

Currently papers are emailed securely to members. All governance documents and Board papers have recently been moved to SharePoint which will enable members to manage their papers and access core documents more efficiently.

The Board and each committee conduct an annual self-evaluation, and the outcome feeds into the Board Development Plan.



Financial Sustainability

The Finance and Purposes Committee has responsibility for “developing, monitoring, and enhancing the direction and oversight of the College’s financial affairs. This includes monitoring the financial position of the college and reporting to the Board on any necessary action required.”

The college sector in Scotland is facing significant financial pressures, and in particular the UHI colleges are facing financial sustainability challenges.

The Board has a clear focus on financial sustainability and acknowledges that managing a deficit budget through the use of reserves is not a sustainable position. The Board, the Principal and the executive team have been working to implement measures to reduce the deficit, improve efficiency and strengthen the long-term sustainability of the college.

The Board approved the Revenue Budget for AY 2025-26 at the 24th of June 2025 meeting after careful scrutiny and on the basis of some specified conditions. The report had been previously considered by the Finance and General Purposes committee on 12 June 2025 and recommended to the Board for approval.

Risk Management

There is a robust approach to risk management. The Audit Committee considers and approves the Risk Register before it is submitted to the Board. This is accompanied by a clear narrative detailing the current and future mitigations for each red risk. A Heat Map presents a useful one-page summary of current risks.

The Audit Committee meets with the Auditors annually without the presence of the executive Team.

3.4 Board Effectiveness

This is an effective Board which benefits from a diverse range of skills and professional backgrounds, enabling informed scrutiny and debate.

The Chair provides effective leadership, setting the Board agenda and ensuring that there is a constructive culture based on openness, teamworking and informed debate. All members are encouraged to contribute to Board discussions.

As noted above, in response to the increasing volume of business, the Chair has restructured the Board meeting to allow greater time for scrutiny and discussion.



The Governance Professional provides valuable support and advice to the Board, committees, and individual members.

Committee membership is reviewed by the Chair's Committee and approved by the Board to ensure a balance of essential skills, experience, and knowledge. Four co-opted members have been appointed to fill identified skills gaps on committees. These co-opted members were invited to the June 2025 Board meeting as observers.

The Board provides an appropriate balance of constructive challenge and support to the Principal and the Executive Team. The KPI Matrix is a useful tool used by the Board to hold the executive to account for achieving agreed outcomes.

Member benefit from comprehensive induction training which is reviewed after three months. Following the first round of committee meetings attended by new members further training needs are reviewed. The Handbook for members of the Board of Management of UHI Inverness (March 2025) provides valuable information on the college, the role of a board member and the governance arrangements of the college

The Board Development Plan was considered by the Board in March 2025. The plan covers

- Recruitment and induction for new Board Members
- Stakeholder engagement annual plan
- Training and Development plan for 2025.26
- Board Effectiveness Reviews, including Chair and committee evaluations
- Details of the External Effectiveness Reviews (EERs)

There is some concern about the low take up of training by members, currently sitting at 30%, this is being kept under careful review, and will be added to the Risk Register.

Members are actively encouraged to engage with the CDN Governance Development Programme which offers a range of training and development opportunities.

As part of the Board Development Plan, members recently benefitted from training on the Ethical Standards Framework, which included the Code of Conduct and the Nine Principles of Public Life.

There is effective use of the wider governance space with Creative Space Sessions built in to allow members to consider a range of issues in a more relaxed environment.



Recommendations

1. Committee membership should be reviewed on an annual basis to ensure the best match of skills to the work of the committees but also to provide members the opportunity to develop their experience.
2. As noted above, this is a relatively 'young' board in terms of tenure with a substantial proportion of members having joined in the last year or so. It is important to keep building the 'new' Board team, allow space for members to build effective working relationships and to ensure that new members benefit from the induction training, build confidence and quickly 'find their voice'.

3.5 Relationships and Collaboration

The Board understands the importance of working in partnership to ensure the provision of high-quality coherent education and meeting the needs of the local labour market. This is highlighted in the Strategic Plan.

The Board receives regular updates on collaboration with local employers and other stakeholders.

As noted above, as part of the strategic planning process consideration should be given to a stakeholder mapping exercise.

4 RECOMMENDATIONS

1	<u>Strategic Planning</u> <ul style="list-style-type: none"> As part of the strategic planning process consideration should be given to a stakeholder mapping exercise. This would enable all members to better understand the wider operating environment and support effective decision making.
2	<u>Committee Membership</u> <ul style="list-style-type: none"> Committee membership should be reviewed on an annual basis to ensure the best match of skills to the work of the committees but also to provide members the opportunity to develop their knowledge and experience.
3	<u>Team Building</u> <ul style="list-style-type: none"> Although there is an excellent range of skills and experience across the Board there is a high proportion of relatively new members, plus the new co-opted members. It is important to keep building the 'new' Board team, allowing space for members to build effective working relationships. The strategic planning process should provide a useful platform for team building.
4	<u>New Members</u> <ul style="list-style-type: none"> Ensure that new members benefit from the induction training, build confidence and quickly 'find their voice'.

5 ANNEX 1

5.1 Document Review

1. Core Governance documents, including Standing Orders, Scheme of Delegation
2. Board of Management and Committees terms of reference
3. Strategic Plan 2022-26
4. Financial statements 31.07.2024
5. Board agenda and papers June and October 2025 meetings
6. Internal and external audit reports
7. Board member profiles
8. Members Handbook
9. Induction Checklist
10. External Effectiveness Review January 2021
11. Board Development Plan March 2025
12. Risk Register

Footnote

The reviewer would like to thank the Board Chair, Principal, members, and the Governance Professional for their assistance and insight with this external effectiveness review.

University of the Highlands and Islands

UHI Court Meeting

Wed. 8 June 2026 10:29:66

UHI House, Inverness and by Microsoft Teams

Members: Alastair MacColl (Chair), Vicki Nairn (Principal and Vice Chancellor), Fiona Mclean (Rector), Derek Lewis (Chair of UHI North, West, and Hebrides), Rosemary Allford (Chair of UHI Argyll), Paul Travill (Independent), Rosemary McCormack (Staff Governor), William Campbell (Student Governor), Alex Paterson (Independent), Jem Taylor (Trade Union Representative), Calum Ross (Independent), Malcom Burr (Independent), Scott Innes (Trade Union Representative), Audrey Decou (Staff Governor)

In attendance: Brian Williams (Deputy Principal), Lorna Walker (Chief Operating Officer and University Secretary), Michael Baxter (Chief Financial Officer), Richard Emborg (Vice Principal Student Recruitment), Roger Sendall (Deputy Secretary), Max Brown (Director of Transformation), Scott Rhynas (Director of Finance), Xander McDade (HISA), Stephen Sheridan (Director of Economic Development), Eilidh Kennedy Mclean (Observer), Holly Pearce (HISA), Nicholas Oakley (Clerk)

Apologies: Angus Campbell, Andrea Robertson, Heather Offord, Liz Stewart, Helen MacInnes, Allan Clow

Minute Key: **DECISION**, Action

1. Preliminary Items

1.1. Welcome and apologies

The Chair opened the meeting and noted the apologies.

1.2. Declarations of Interest

Dr Rosemary Allford: full time employee of Edinburgh Napier University.

William Campbell: Chair of HISA Board.

1.3. Notification of other business

An additional item of business on a recent judicial review (verbal) was requested and **AGREED**.

2. Minutes of Meetings

2.1. Approval of the minutes of 09 April 2025

The minutes of the previous meeting on 09 April 2025 were **APPROVED** as an accurate record.

2.2. Matters arising

The matters arising were noted as completed or updated on the meeting agenda.

2.3. Delegated decisions

Nonej.

2.3.1. Appointment of Consultants

Court **HOMOLOGATED** the appointment of KMPG as consultants on the operating model full business case. Members were advised that the value of the contract was within the designated budget and KPMG had been appointed between meetings.

3. Principal and Vice Chancellor Update

Vicki Nairn, Principal and Vice Chancellor (PVC), provided an update to Court on activities and developments since the last meeting.

A substantive update on the operating model work would follow later on the agenda but the PVC reported that the work was generally on track. There continued to be some issues in releasing time of senior executives. SET and the transformation team, as well as the Transition Oversight Board, continued to encourage colleagues across UHI to be bold and ambitious, especially on the transformation pathfinder projects.

A full update on the UHI Executive Office (EO) budget would also follow on the agenda, but the PVC reaffirmed her commitment to achieving a breakeven budget by the end of 2026/27 as requested by UHI Court, however this was likely to necessitate challenging decisions. These would be discussed in detail under the budget item later in the meeting. Updates on asset sales and student residences would also be provided, as well as an update on the cash reserves position.

Fallout from the University of Dundee (UoD) financial crisis continued to dominate headlines and sector focus. The Gillies report on UoD had been issued to Court members and Academic Partner Chairs and the PVC welcomed any offline discussion or feedback.

On the UoD matter, the Chair advised members that he had discussed with Allan Clow, Chair of UHI Audit Committee, the convening of a special meeting of Audit Committee, to review the Gillies Report and make any recommendations or learning points available to the next Court meeting. Court members who wished to attend would also be welcome. Court **APPROVED** this proposal.

Action: Convene special meeting of Audit Committee to review and recommendations arising from the Gillies Report on the University of Dundee.

Court **NOTED** the Principal and Vice Chancellor's update.

4. HISA Report

William Campbell, HISA President, gave a report on the student association's activities since the last meeting. He highlighted the significant increase in student voice representatives, as well as a new student learner experience model that focused on improving feedback mechanisms. Student mental health had also been prioritised, through the revision of the student mental health agreement. On HISA awards and student blues, he reported that HISA would be managing these events from 2025/26, and that 2024/25 had seen a 62% increase in nominations.

HISA continued to work to increase engagement with elections and to improve turnout, as well as engagement work – the latter focus had seen student societies doubling over the last two years. Plans for more work on Gaelic and volunteering were also in progress.

The Chair and members of Court recorded their appreciation and thanks to William Campbell for his service over his two-year term and particularly the professional, positive, and solution-focused approach that he had taken in representing and advocating for students at UHI, and wished him well in his future studies.

5. Presentation: Economic Development

Stephen Sheridan, Director of Economic Development and Advancement, gave a presentation on economic development at UHI, highlighting progress to date, opportunities, and projects underway. Emerging opportunities around income generation were presented, as well as regional opportunities for partnerships with enterprise agencies and local authorities. Priority areas included identifying industrial collaboration opportunities and improvements in market intelligence to inform the curriculum planning process.

Members were advised that one transformation pathfinder project was focused on income generation. This envisioned a unified cross-partnership approach to external engagement with a “single door” into UHI for major economic opportunities.

Members welcomed the improved approach to economic development opportunities and noted that it was crucial to move swiftly to produce a compelling offer to the market place, with a number of high profile and time critical opportunities already live and requiring UHI’s active participation and engagement. It was also crucial to not just focus on what UHI can offer but to adapt to what the region and learners required through a demand-led approach, and for UHI to become trusted, reliable delivery partners across the region.

Court **NOTED** the economic development update and **REQUESTED** a further update on progress.

Action: Update on economic development activities, plan, and prospectus at a future Court meeting.

6. Strategic Items for discussion

6.1. 2025/26 UHI Executive Office Budget

[Scott Rhynas and Max Brown joined the meeting]

Vicki Nairn, Principal and Vice Chancellor (PVC), and Mike Baxter, Chief Financial Officer (CFO), introduced the 2025/26 UHI Executive Office (EO) budget, seeking members’ approval. They highlighted the following key points from the committee paper:

1. To deliver Court’s medium-term financial strategy by the end of 2026/27, further savings of up to £3.4m annualised (and recurring) would be required over the next two years.
2. In developing the financial recovery plan, the senior executive team (SET) had adopted an analytical approach to determine both savings and growth targets, evaluating relevant historical trends, assessing market and sector conditions, and operational (including partnership) circumstances. In order for UHI Court to make a fully informed decision on

the 2025/26 budget, three budget models had been developed and were presented. These were described as best case, most likely case, and worst case.

3. SET recommended the “most likely” budget case to Court for approval.
4. A number of assumptions had been made on the recommended budget proposal, particularly around student numbers growth, SFC funding of student numbers, staff costs and pay inflation, contract costs, student residences utilisation, and asset sales. Other factors included spend to save investment in student recruitment activity, organisational and operational savings proposals, and in-year service changes. These were described in full in the attached committee paper, but the CFO provided a detailed overview of these variables and a sensitivity analysis for each element. Specifically:
 - a. Student numbers and growth: SFC-fundable student numbers were forecast to grow by 11.4% over the next 5 years (+3.1% in 2025/26) through a combination of significant growth in graduate apprenticeships, and modest growth (+6.0%) in core FTEs. Assumed no further uplift in the unit of resource after the 3.3% confirmed for 2025/26, until 2027/28 and 2028/29.
 - b. [Redacted]
 - c. [Redacted]
 - d. Student Residences: Good progress had been made on accommodation debt, especially compared to previous years. Work continued on commercial lets at Inverness and Elgin. One key divergence in the budget since it had been presented to FGPC as draft was that the prospective tenant advised for Elgin had withdrawn. Alternative arrangements were being explored.
 - e. [Redacted]
5. [Redacted]

Members welcomed the detail overview and clarity of the budget proposal. Members then had a wide-ranging discussion on the UHI budget and the proposals outlined in the committee paper. The following key points were noted:

[Redacted]

SET agreed that the timing of the budget was difficult but the organisation needed to act in order to achieve financial sustainability. [Redacted]

Members also **REQUESTED** that an impact assessment be undertaken to understand the impact of the budget on students.

Action: Conduct impact assessment arising from the 2025/26 budget on student experience.

[Redacted]

Members highlighted the difficulties in utilising the LSIC building due to grant funding constraints. It was noted that UHI had experienced difficulties with burdensome obligations on several projects, residences, and assets, and that a lessons learned exercise ought to be carried out by FGPC to ensure that the full-term obligations for future projects, investments and funding opportunities were better understood prior to approval.

Action: FGPC to conduct lessons learned review of full-term obligations of Growth Deal projects and investments.

The Chair reported that he had also discussed the budget paper and proposals with the independent members who had given apologies for the meeting, and that they all supported the approval of the recommended budget as outlined in the committee paper.

Following these discussions, Court:

1. **NOTED** the 5-year budget forecast and the three financial models presented.
2. **APPROVED** the proposed 2025/26 budget recommended in the committee paper as well as the actions proposed to achieve cash financial balance by the end of 2025-26 and operating balance by the end of 2026-27.
3. **GRANTED** delegated authority to the Principal and Vice Chancellor and Senior Executive Team to deliver the budget as outlined in the paper, including any discussions required with the SFC for additional funding [Redacted].
4. **REQUESTED** that regular updates be provided to Remuneration Committee, Finance and General Purposes Committee, and at every UHI Court meeting a report on progress against the budget.
5. **NOTED** the anticipated operational risks and people impacts of the actions necessary to deliver the budget, and also noting that consultation with staff and trade unions would commence immediately following Court's approval of the budget.

6.2. Operating Model Update

Max Brown, Director of Transformation, provided an update on the operating model since the last meeting. Pathfinder projects were being developed following the 21 May workshop. Project briefs were being developed into fully scoped projects, anticipated by September. The transformation team were balancing resourcing the full business case (FBC) work with development of these pathfinder projects, noting that there was no additional resource/ funding for pathfinder projects.

SFC were aware and recognised UHI's limited internal capacity, and had emphasised the need for a robust, green book compliant FBC. However, SFC were also interested in business as usual activities to improve financial sustainability, as well as the pathfinder projects. Court members noted that the pathfinder projects were integral to the FBC work and in driving what UHI would look like and how it will operate post-transformation; it was therefore imperative to resource and push forward with these projects following on from the 21 May workshop.

Members noted the importance for getting as much value as possible from external consultants, for instance, KPMG whilst working on the FBC could also add value in helping to define a sustainable financial model as well as developing a routemap for delivery.

Members were advised that Transition Oversight Board would be meeting in mid-July, and thereafter a first report on the FBC was expected for September 2025 alongside detailed pathfinder project implementation plans. Chairs were asked to ensure that principals and executive teams across the partnership were focused and committing necessary resources toward operating model work wherever required.

Court **NOTED** the operating model update.

6.3. Performance Measures Report

Mike Baxter, Chief Financial Officer, provided members with an update and overview of the performance measures report. This had seen a significant amount of development and refinement since the last meeting, with strategic measures updated and “RAG” ratings applied. There remained an outstanding piece of work on the creation of a dashboard format report, with 10-12 key measures to be selected and reported to Court. Members were advised that some measures were only reported annually and the report needed to recognise the business cycle and when updates would be made during the academic year. Partnership Council were also involved in discussions on KPIs and how these would be used.

Action: Members **REQUESTED** that a performance measures dashboard be provided from 01 August 2025 onwards for reporting at future Court meetings.

Members then discussed some of the KPIs and the following points were noted:

1. Members queried why, for the proportion of higher education entrants graduating from UHI FE courses (measure #1.2.3), the data was listed as not currently measured. Members were advised that all gaps in the data were being investigated with academic partner colleagues.
2. Members noted the gap between the Scottish average and UHI performance on the full-time degree students in professional occupations (measure #1.3.3); 80% and 51% respectively. Members queried the reason for this disparity, and also whether the wording of the KPI be reviewed to reflect the unique employment market and geographical disparateness of the UHI region.

Action: SET to investigate disparity on measure 1.3.3, as well as review the wording/ definition of ‘professional occupations’, and report back at the next meeting.

Court **NOTED** the performance measures report and associated actions.

6.4. Student Growth

Lorna Walker, Chief Operating Officer and University Secretary (COOS), provided an update on student growth and recruitment activities.

There were early signs of a positive upturn in applications. ‘Active’ applications were 18% up on the same time the previous year, evidencing the positive impact of marketing and recruitment activity across the partnership. Particularly strong increases in International Post-Graduate (+300%), other controlled subjects (+113%), Nursing (+50%), Rest of UK (+45%), and PGDE (+20%) were reported. Over 170 more (+5%) funded UG applicants than the same time last year.

Efforts were ongoing across the partnership on conversion activities, facilitated by better standardisation of entry requirements. Marketing and recruitment activities to existing students for internal progression and improved retention levels had also been a priority in the period.

Court noted the report on student growth as providing a clear and data-driven approach that was greatly appreciated by the members; Court and COOS thanked Matt Tyrer and his team for their efforts and improvements made as well as the positive indications in application growth.

Court **NOTED** the student growth update.

7. Items for noting/ approval

7.1. AP Financial Sustainability Update

Scott Rhynas, Director of Finance, reported on the AP Financial Sustainability update.

1. SFC had reaffirmed their position on 2023/24 clawback. Confirmation was still awaited of the final recovery figure. Provision of £4.2m was in place and held in restricted reserves.
2. Total additional funding support received by the UHI partnership from the SFC, in the form of either loans or grant advance, was £11.3m at the end of May 2025.
3. Academic partners have been requested to provide draft FFR returns to the RSB by 23 June in order that these can be reviewed prior to submission to SFC by 30 June. A consolidated report based on the FFR returns will be reported to Court.
4. SFC have now advised of changes to the basis of FE teaching grant allocations in 2025-26 and discussions have taken place with UHI Finance Directors. Proposals on an updated approach are being finalised for discussion and agreement by Partnership Council.

Court **NOTED** the AP Financial Sustainability update

7.2. Review of FGPC/ Audit ToRs

Court **APPROVED** the revised FGPC and Audit terms of reference, subject to the correction of a typographical error.

7.3. RSB Assigned Colleges - Proposed Effectiveness Review 2025

Court **NOTED** the proposed effectiveness review of RSB Assigned Colleges.

7.4. Appointment Independent Incorporated College Board Members

Court **HOMOLOGATED** the appointment of independent board members to the academic partner Boards of Management as outlined in the attached committee paper.

7.5. 2025/26 HISA Block Grant

Court **APPROVED** the 2025/26 HISA Block Grant.

7.6. Risk Register

Court **NOTED** the risk register.

7.7. Corporate Calendar/Meeting Schedule

Court **NOTED** the 2025/26 corporate calendar. The Chair advised that a change was in discussion to extend the scheduled meeting on the 10 November to an all-day session, and remove the 21 November Court conference. Court would be updated closer to the time.

8. Minutes from Committees of Court

8.1. F&GP Committee: 19/05/2025

Court **NOTED** the minutes of the Finance and General Purposes Committee.

8.2. Audit Committee: 20/05/2025

Court **NOTED** the minutes of the Audit Committee.

8.3. Foundation: 28/05/2025

Court **NOTED** the minutes of Foundation.

8.4. Partnership Forum: 15/05/2025

Court **NOTED** the minutes of Partnership Forum.

8.5. Nominations Committee: 13/05/2025

Court **NOTED** the minutes of the Nominations Committee.

9. Any Other Business

[William Campbell declared an interest in this item]

[Redacted]

[Xander and Scott left the meeting.]

10. Reserved Business

[Redacted]

11. Close of meeting

The Chair, on behalf of Court, thanked William for his contribution to UHI and representation as HISA President and wished him all the best for the future.

Approved on: 10 September 2025

Published on: 12 November 2025

ENDS

University of the Highlands and Islands

UHI Court Meeting [Hybrid]

Wed 10 September 2025, 13:00 - 17:00

UHI House, Inverness and Online

Members Present:

Alastair MacColl – Chair of Court

Vicki Nairn - Principal & Vice Chancellor, UHI

Dr Fiona McLean – Rector [Online by VC]

Angus Campbell - Further Education Regional Lead

Dr Audrey Decou - Staff Governor

Rosemary McCormack - Staff Governor

Xander McDade - Student Governor [Online by VC]

Holly Pearce - Student Governor [Online by VC]

Jem Taylor – Trade Union Representative (UCU) [Online by VC]

Scott Innes - Trade Union Representative (EIS-FELA) [Online by VC]

Rosemary Allford - Chair of UHI Argyll [Online by VC]

Derek Lewis - Chair of UHI North, West, and Hebrides

Andrea Robertson - Vice-Chair of Court and senior independent member [Online by VC]

Allan Clow - Independent

Paul Travill - Independent

Liz Stewart - Independent

Apologies:

Calum Ross, Malcolm Burr, Helen MacInnes, Alex Paterson, and Heather Offord

Attendees:

Prof Brian Williams - Deputy Principal, UHI

Prof Keith Smyth – Dean of Learning, Teaching, and Students, UHI (in part)

Lorna Walker – Chief Operating Officer and University Secretary, UHI

Max Brown – Director of Transformation, UHI

Mike Baxter – Chief Financial Officer, UHI

Nicholas Oakley – Governance Manager, UHI (Clerk)

Richard Emborg – Vice Principal Student Recruitment, UHI

Roger Sendall – Deputy University Secretary, UHI

Scott Rhynas – Director of Finance, UHI (in part)

Stephen Sheridan – Director of Economic Development, UHI (in part)

Minute Key: **DECISION**, Action

1. Preliminary Items

1.1. Welcome and apologies

The Chair opened the meeting and noted the apologies from Calum Ross, Malcolm Burr, Helen MacInnes, and Heather Offord.

1.2. Declarations of Interest

Audrey Decou declared an interest in item 10.3 and agreed to leave the meeting for the duration of this item.

1.3. Notification of other business

None.

2. Minutes of Meetings

2.1. Approval of the minutes of 25 June 2025

The minutes of the previous meeting from 25 June 2025 were **APPROVED** as an accurate record.

2.2. Matters arising

Court discussed the matters arising and the following updates were provided:

1. Convene special meeting of Audit Committee to review and recommendations arising from the Gillies Report on the University of Dundee. Complete.

2. Provide update on economic development activities, plan, and prospectus. To be scheduled for future meeting.

3. Provide the EO workforce structure with an accompanying explanation of how staff reductions will change that structure over the course of 2025/26 to the September 2025 Court meeting. Include an impact assessment arising from 25/26 budget decisions on the student experience. Update to be provided under reserved business.

4. Chair to write to SFC on the proposed financial transactions loan outlining its importance for UHI's financial sustainability and long-term resilience. Complete.

5. FGPC to conduct lessons learned review of full-term obligations of Growth Deal projects and investments. FGPC Chair and CFO have discussed approach on Growth Deals, and an Audit report on management of Growth Deals would be shared with FGPC and for next meeting on 06 October provide report on liabilities and obligations from Growth Deals. Complete.

6. Performance measures dashboard be provided from 01 August 2025 onwards for reporting at future Court meetings. Work well advanced and updated position provided in Court report on agenda.

7. SET to investigate disparity on measure 1.3.3, "full-time degree students in professional occupations" as well as review the wording/ definition of 'professional occupations', and report back at the next meeting. Addressed in Performance Report on agenda.

9. Prepare a briefing relating to the requirements and risks of account consolidation for Court. CFO reported that a process agreed with Chairs of Audit and Finance and General Purposes Committees that reports on consolidation and going concern to be reported to committees prior to court and will report in current committee cycles and report to Court on 12th November.

10. Develop a retention strategy/ plan, including budget and return on investment, for further review. Update on agenda.

11. Retention rates be included in the performance indicator reports. Complete – now included in report.

2.3. Delegated decisions

The Chair reported that two delegated decisions had been taken between meetings.

2.3.1. KPMG Contract Amendment

Court **NOTED** the KPMG contract amendment decision.

2.4. 12b Ness Walk and Laich House Elgin

[Discussed under item 9.2]

3. Principal and Vice Chancellor Update

Vicki Nairn, Principal and Vice-Chancellor, presented an update on activities and developments since the previous meeting. It was reported that the university had achieved a ranking of fourth in Scotland for postgraduate performance, reflecting sustained improvement in the institution's performance. Two Advance HE Teaching Excellence Awards had also been awarded, which were recognised as an excellent achievement and a significant contribution to the university's national profile.

Admissions data indicated a 12% increase in conditional offers, which members welcomed. A further update on 2025-26 recruitment performance would be available at the next meeting.

The Principal and Vice Chancellor advised that attention continued to focus on the financial position of the institution. Members were advised that UCU had moved to ballot over compulsory redundancy scheme, and whilst negotiations were ongoing, industrial action could be anticipated. A press statement had been prepared in response.

Work on the operating model was progressing in collaboration with consultants KPMG as well as TEB and TOB; however, resource constraints were identified as a risk to programme delivery across the partnership.

Updates were also provided on recent events, including Belladrum festival and graduation ceremonies.

In discussion, members commended the sustained improvement in performance over four consecutive years in satisfaction survey scores, noting that this represented a position many institutions aspire to, particularly in the context of current partnership challenges. The ambition was confirmed as maintaining a top-three position for undergraduate provision. Work on league tables was ongoing, with aspirations to maintain and enhance rankings and to use these as a recruitment tool. The university's transformational impact and the need for a nuanced approach to sector performance were emphasised.

The importance of teaching excellence awards in raising national profile and highlighting FE/HE pathways was noted. Members welcomed the tertiary approach and stressed the need to

prioritise and promote FE satisfaction scores. It was agreed that a significant strategic challenge remained in communicating the tertiary nature of the university and its implications and opportunities for students in the region.

Court **NOTED** the Principal and Vice Chancellor's update.

4. HISA Report

Court **NOTED** the HISA report.

5. Presentations

5.1. PTES and NSS Results

Prof Keith Smyth, Dean of Learning, Teaching, and Students, presented the results of the Postgraduate Taught Experience Survey (PTES) and the National Student Satisfaction Survey (NSS), highlighting the university's strong performance in both. It was noted that the NSS showed a 5% year-on-year change, however, the average was also up by 2% across the sector. Members queried whether this reflected post-Covid recovery, and whether the remaining 3% was statistically significant, as well as the underlying reasons for the shift.

It was explained that the university had had further to recover following the pandemic, and that improvements were strongly linked to enhancement work undertaken across all academic partners to develop learning, teaching, and the overall student experience. In relation to the postgraduate survey, challenges were identified around fostering a sense of community, particularly given the rurality of learning centres and students, and the geographically distributed nature of the institution. Small cohort sizes within programmes were also noted as a contributing factor.

Survey response rates were discussed, with completion at 64% compared to a sector average of 71%. It was observed that increasing response rates typically correlates with higher satisfaction scores. Members agreed that planning and preparing new and current students for participation in the NSS was helpful.

Attention turned to subject areas that had fallen below expectations, and it was confirmed that targeted work was underway with these programmes and Associate Deans. Annual quality discussions and reviews would incorporate NSS and PTES results to drive improvement. Students were actively contributing ideas on how to enhance the experience, and collaboration with HISA was ongoing to address community-related issues through the development of an action plan.

Court **NOTED** the satisfaction survey update.

[Keith Smyth left the meeting]

5.2. Student Recruitment

Richard Emborg, Vice Principal Student Recruitment, provided members with an update on student recruitment, including a strategic overview, background to the current cycle, achievements, and areas for improvement. For the next cycle, planning priorities for further education (FE) were outlined, including engagement with schools and ensuring provision aligned

with local and regional needs. Work was continuing closely with curriculum teams, and evidence on suppressed FE demand was being updated to support lobbying for additional credits.

For higher education (HE), the sector remained highly competitive. The international recruitment market was described as challenging and the compliance increasingly burdensome. The “equal consideration” date in mid-January was noted as influencing decision timelines. Immediate actions included issuing conditional offers promptly without waiting for full evidence, establishing baseline requirements earlier in the cycle, confirming summer academic cover, and limiting interviews to essential cases only.

An update was noted on enrolment processes, back-office systems, and improvements to welcome and support arrangements for students during their first weeks, aimed at enhancing retention and partner support. It was reported that by November enrolment figures were forecast to be around 5% increase, although this would be confirmed at the next meeting.

The following key points were noted in the discussion:

- Suppressed FE demand was identified as a significant obstacle to meeting regional demand.
- A reported 91% drop in Gaelic education uptake, despite national focus and efforts. Questions were raised about whether this was within institutional control, or reflected wider demand trends. Actions were agreed to investigate and report back on Gaelic provision, and thereafter to write to the Deputy First Minister to reinforce lobbying for additional funding, referencing economic ambitions and workforce initiatives.
- The importance of addressing progression routes, particularly FE to HE, and improving internal articulation was emphasised. The lack of a CRM system across the partnership was noted as a barrier to optimising recruitment, with manual processes currently in place proving an impediment to effective working (e.g. requiring the manual sending of bulk emails.)
- Opportunities for growth in HE were discussed, including defining the university’s unique selling points and exploring curriculum development.
- It was confirmed that there were no plans to pursue recruitment in higher-risk international markets, but continue to focus attention on the US, Europe, China, and Southeast Asia. Although not entirely without risk, especially with the increase in compliance requirements, these markets offered UHI the best opportunity for growth.

Court **NOTED** the update and **REQUESTED** a full update for the next meeting, including progression data from the previous year to the current year.

6. Strategic Items for discussion

6.1. 2025/26 UHI Executive Office Budget

[Scott Rhynas, Director of Finance, joined the meeting]

Mike Baxter, Chief Operating Officer, provided an update on the current financial position. It was reported that the forecast outturn had improved by £300k for the current year, reflecting the

impact of expenditure controls implemented. Key drivers and assumptions within the Financial Recovery Plan were outlined, with student numbers identified as a major determinant of income. The accompanying paper included analysis of conversion rates compared to previous years and highlighted the potential upside from recruitment improvements, alongside the position on cash and unallocated savings.

Details were provided on actions to realise £3m of expenditure reductions, with £2.3m already achieved. Engagement with the Scottish Funding Council (SFC) remained a priority, including a request for £4m in transitional support. At the request of the SFC, UHI was also exploring market opportunities for credit support ahead of SFC funding, in order to provide reassurance that alternative options had been considered and that financial transaction loan was the most appropriate mechanism for support. SFC's transitional support was intended to secure financial stability during transformation. It was noted that, if the £4m request was not approved, an in-year deficit was likely in 2025/26, requiring further measures to reduce costs and strengthen cash reserves. It was **AGREED** that Court members would be informed once the outcome of the discussions with SFC on this loan concluded.

Financial reporting improvements were highlighted, including monthly cashflow forecasts to track projections and smoothing drawdown timings across the calendar year to support liquidity. Asset sales were still projected for 2026/27 rather than 2025/26, [Redacted]. As student application numbers were confirmed, these would continue to refine projections and influence the overall financial position, although it was acknowledged that difficult decisions were still required to meet targets.

Discussion focused on the visibility and clarity of financial data, with requests for more frequent summary updates on key assumptions, confidence levels, and trends. Members queried opportunities to increase academic income through teaching and research grant capture, and the need for a different approach to academic planning that integrated FE, HE, postgraduate, research, and knowledge exchange. Curriculum efficiencies were also noted as a priority.

It was **AGREED** that Court would be kept informed of developments on the EO budget, with monthly cashflow updates available to members for October, November, and December.

Court **NOTED** the 2025/26 EO Budget update.

6.2. Operating Model: Interim Update

Max Brown, Director of Transformation, provided an interim update on the development of the operating model since the last meeting. It was confirmed that the overall programme remained on schedule, with consultant KPMG now engaged, and workstream meetings progressing well. A process was being finalised to ensure Court received regular updates, and early briefings would be provided to Court and APs wherever possible. A stakeholder engagement and consultation paper was planned to support this approach.

Discussion focused on whether the Full Business Case (FBC) would meet the financial targets and wider partnership deficits, and the importance of designing the model with these end objectives in mind. Members noted the need for clarity on what success would look like, the reality of delivery in terms of scale and timing, and the implications of the partnership's structural

deficit and legacy position. Members were advised that internal and external expectations had not yet been fully defined and this was an iterative process. However, it was emphasised that the FBC must provide a reliable cost estimate and be sufficiently detailed to ensure credibility.

Progress was reported on academic delivery, with working groups exploring structures that strengthened local engagement and made better use of collective assets. The approach was moving toward an external sector focus rather than internal disciplines, with consensus emerging around a fully tertiary model, although further work was still required.

The sign-off process was discussed, with an emphasis on avoiding any unforeseen developments or impediments when the FBC was presented for internal and external review. A series of briefings was planned, including sessions on 8 October and 13 October for Court and Academic Partners, followed by wider stakeholder engagement. Key milestones included selection of a preferred option by 3 November, submission of the document to the SFC by mid-December, and a full-day session on 12 November. A further Court meeting in December would consider final approval.

It was **AGREED** that a schedule of stakeholder engagement and briefings would be reviewed and confirmed, ensuring that boards were fully informed and supportive.

Court **NOTED** the interim operating model update.

6.3. RSB Effectiveness Review of Assigned Colleges: Update

Roger Sendall, Deputy Secretary, provided an update on phase 2 of the RSB effectiveness review, which would involve interviews with AP chairs, independent members, and principals to provide greater detail and assurance to Court. The process had been well received by Academic Partner Boards, and the quality of information returned was noted as high, with examples of good practice identified.

A summary of the survey responses was presented. UHI Perth recorded the lowest response rate, attributed to significant organisational changes and recent resignations. Conversely, strong positive feedback was reported from other areas, with examples of good practice highlighted at UHI Inverness and UHI Moray. Mixed responses were received regarding the timing of papers, indicating clear areas for improvement alongside opportunities to share good practice. Overall, the review was considered a valuable process that should be repeated in future cycles.

The update was **NOTED** and welcomed, with a further update to be provided at the next meeting following the completion of phase 2 of the review.

7. Items for noting/ approval

7.1. AP Financial Sustainability Update

[Redacted]

7.2. Performance Measures Report

Court **NOTED** the performance measures report and **APPROVED** the removal from future reports of SPI 1.3.3 “Full-time degree graduates in professional occupations” as a defunct measure no longer reported by HESA.

7.3. Appointment of Independent Incorporated College Board Members

Members were advised that the UHI Moray Board Chair had resigned with immediate effect. Court thereafter **APPROVED** the appointment of Grenville Johnston as Interim Chair of UHI Moray for a period of three months extendable to six months, conditional on the appointment of Roddy Burns as Vice Chair and Paul Travill as Court observer to the UHI Moray Board. Members were advised that recruitment of a permanent chair would commence immediately, as well as the recruitment of new members.

7.4. Risk Management Report

Court **NOTED** the risk management report.

7.5. UHI Court and Academic Council Annual Effectiveness Review

Court **NOTED** the UHI Court and Academic Council Annual Effectiveness Review update.

8. Minutes from Committees of Court

8.1. Nominations Committee: 27/08/2025

Court **NOTED** the nominations committee minutes.

8.2. Finance and General Purposes Committee 01/09/2025

A special meeting of FGPC had been convened to discuss 12b Ness Walk and Laich House Elgin - recommendation for decision included and **ENDORSED**.

Court **NOTED** the FGPC minutes.

9. Any Other Business

10. Reserved Business

[Redacted]

10.4. Audit Committee Review of Gillies Report

[Non-members of Court, including Senior Executive Team members, left the meeting - Audrey Decou rejoined the meeting]

Allan Clow, Audit Committee Chair, reported to members the outcome of a special meeting of Audit Committee held to discuss the Gillies Report findings and recommendations and its relevance and applicability to UHI. The minutes of this special meeting were also available. In addition to the points made in the minutes, he highlighted to Court that, overall, Audit Committee were assured that there were appropriate governance arrangements in place at UHI, although there could be more consistency in these arrangements across the UHI partnership. He noted that the ongoing work around RSB Review of Assigned Colleges effectiveness [item 6.3, above] was an opportunity to identify further areas of improvement in this area.

[Redacted]

Members were advised that SET were currently reviewing an updated Public Interest Disclosure (Whistleblowing) Policy.

Members then discussed the other recommendations from the Gillies report and **AGREED** that all of the other recommendations be considered at the same time as the RSB effectiveness review reported to Court. Action: Gillies report recommendations be reviewed once RSB effectiveness review reported.

Members requested that one area of improvement that ought to be added was a more forward-looking analysis of the institution's financial position; currently the focus was on retrospective reporting. This ought to be undertaken by the Chief Financial Officer (CFO) for the partnership, and identify future risks and opportunities, and then review these on a regular basis in reports to Court.

Court **NOTED** the Gillies report and recommendations.

11. Close of meeting

There was no other business and the Chair closed the meeting.

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ENDS

University of the Highlands and Islands
Special Court Meeting
08 October 2025 16:30-18:00
Online only

Members Present:

Alastair MacColl – Chair of Court
Vicki Nairn - Principal & Vice Chancellor, UHI
Angus Campbell - Further Education Regional Lead
Dr Audrey Decou - Staff Governor
Rosemary McCormack - Staff Governor
Xander McDade - Student Governor
Holly Pearce - Student Governor
Jem Taylor – Trade Union Representative (UCU)
Scott Innes - Trade Union Representative (EIS-FELA)
Rosemary Allford - Chair of UHI Argyll
Derek Lewis - Chair of UHI North, West, and Hebrides
Andrea Robertson - Vice-Chair of Court and senior independent member
Allan Clow - Independent
Paul Travill - Independent
Liz Stewart – Independent
Helen MacInnes – Independent
Alex Paterson - Independent

Apologies:

Calum Ross, Malcolm Burr, and Heather Offord

Attendees:

Prof Brian Williams - Deputy Principal, UHI
Lorna Walker – Chief Operating Officer and University Secretary, UHI
Max Brown – Director of Transformation, UHI
Mike Baxter – Chief Financial Officer, UHI
Nicholas Oakley – Governance Manager, UHI (Clerk)
Richard Emborg – Vice Principal Student Recruitment, UHI
Roger Sendall – Deputy University Secretary, UHI
Lizzie Garland – External Consultant, KPMG
Samuel Sanders - External Consultant, KPMG

1. Transformation

The special meeting opened with an overview of recent developments provided by the Principal and Vice-Chancellor. The development of the operating model had been the primary focus over the preceding six weeks. Whilst this had placed considerable strain across the UHI partnership, it was acknowledged that substantial progress had been made and the programme was on track.

Activity-based costing data previously delayed due to missing inputs had since been received and incorporated into the options modelling process.

It was confirmed that feedback from stakeholders was actively being reviewed and dialogue had taken place with UHI Inverness Committee Chairs involving the UHI Chair and PVC. The meeting with the UHI Inverness Board was described as positive and productive.

Leadership and governance structures were scheduled for completion by the end of the week. However further refinement was required and additional feedback was being sought to finalise the proposals.

An update was provided on the professional services workstream. Under Option 3, potential savings of £1.5 million were identified, whilst Option 6 presented savings of £3.9 million. The academic structures workstream was also reviewed, with next steps focusing on refining sector domains.

Key milestones were discussed. By 12 November the full operating model was expected to be developed, with a preferred option presented for decision-making alongside a financial baseline to provide context. The December Court meeting would include the full Final Business Case (FBC), with approval sought to share this initially with the Scottish Funding Council (SFC) and AP Boards prior to the Christmas break. A series of meetings were planned for January 2026, leading to public consultation in March 2026.

The importance of effective communication with Board Members was stressed, with concerns raised about information gaps and the need for regular updates, including financial data. It was agreed that details would be shared progressively as they were prepared. The obligation of Academic Partner Boards to represent the best interests of the UHI partnership and its students was reaffirmed.

Discussion turned to the principles and priorities underpinning the new model. It was acknowledged that while Option 6 offered the right structural approach, the financial figures required further refinement to ensure sustainability. The possibility of agreeing academic structures or delivery models based on a financially viable framework was explored. It was noted that local delivery could remain largely unchanged in appearance, even post-transformation, although existing structural layers might persist.

The potential for partnerships with external organisations was raised, reflecting sector expectations and the wider sectoral context of funding challenges.

The importance of community engagement was highlighted, with expectations for service enhancements and strengthened local delivery.

Court then discussed the need to demonstrate back-office savings, noting that many AP Boards would be scrutinising deliverability and UHI's capability to make real changes.

The curriculum paper was well received, particularly its alignment with community and sector needs rather than purely financial considerations.

Concerns were expressed about the potential limitations of a purely locally focused model and the apparent lack of emphasis on online learning, which remains a significant component of

undergraduate and postgraduate provision at UHI. The tertiary sector approach was described as enabling a broader view of industry demand, integrating local input with sector expertise.

Student engagement was discussed, with the transformation survey still open. It was agreed that student input must be reflected in the final paper. A meeting involved HISA on Academic Affairs was requested and agree, with a follow-up action to update the presentation and paper and engage with HISA.

The process and timeline for FBC approval and savings realisation were queried. It was acknowledged that full consensus may not be achievable, and contingency planning would be necessary. An exploration of SFC's and UHI's RSB powers would be incorporated for 12 November meeting.

Court members acknowledged that successful transformation would depend on cultural alignment and effective change management. A plan to support this was requested, noting that poor engagement could undermine progress. Reputational considerations were also raised particularly in relation to political and media scrutiny.

The importance of recognising UHI's role as a university serving all students, whether FE, HE, or postgraduate, was reiterated, and the university had a real opportunity to capitalise upon its tertiary nature via transformation.

It was noted that transformation would not result in a single institution immediately, however, change should begin as soon as possible, and implementation should not be delayed pending FBC approval or funding. Similarly, Court noted strong support for the emerging models and emphasised the importance of progressing with practical implementation without awaiting legal and structural changes.

Court members expressed appreciation for the progress made and acknowledged the significant effort invested in the work to date and **NOTED** the update.

There was no other business and the Chair closed the meeting at 18:00.

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ENDS