

CHI | INVERNESS

Meeting	Finance and General Purposes Committee
Date and time	Thursday 06 November 2025 at 9.00 a.m.
Location	Microsoft Teams

Governance Officer
01 October 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

- 09:00 – 09:05 1) MINUTES**
 a.) Minutes of the Finance and General Purposes Committee Meeting held on 12 June 2025
 b.) Confidential Note (CN-01-062025) of the Finance and General Purposes Committee Meeting held on 12 June 2025
- 09:05 – 09:10 2) OUTSTANDING ACTIONS**
- 09:10 – 09:15 3) BAD DEBT WRITE OFF (CONFIDENTIAL)**
 Report by the Director of Finance and Estates
- 09:15 – 09:25 4) FINANCE UPDATES**
 Report by the Director of Finance and Estates
 a.) Financial Forecast Return 2024/25 – 2027/28

ITEMS FOR DISCUSSION

- 09:25 – 09:30 5) CAPITAL BUDGET MONITORING**

Report by Director of Finance and Estates

- 09:30 – 09:40 **6) REVENUE BUDGET MONITORING**
Report by Director of Finance and Estates
- 09:40 – 09:45 **7) SUMMARY OF FINANCIAL ACCOUNTS FOR 2024/25**
Report by Director of Finance and Estates
- 09:45 – 09:55 **8) SFC'S SUMMARY – UNIVERSITY OF DUNDEE (CONFIDENTIAL)**
Report by Director of Finance and Estates
- 09:55 – 10:00 **9) STUDENT RECRUITMENT – 25/26**
Report from Management Information Systems Manager
- 10:00 – 10:10 **10) KPI MATRIX**
Report by Operations and Commercial Manager
- a.) Review of KPI's for Academic Year 24-25
b.) Review of Measures to be used for KPI's for Academic Year 25-26
- 10:10 – 10:10 **11) 6 MONTHLY GDPR REPORT**
Report by Information Development Manager
- 10:10 – 10:20 **12) HEALTH AND SAFETY UPDATE (CONFIDENTIAL)**
Report by Health, Safety and Sustainability Manager
- 10:20 – 10:30 **13) OPERATIONS AND EXTERNAL RELATIONS REPORT**
Report by Vice Principal – Curriculum, Operations & External Relations
- 10:30 – 10:40 **14) ESTATE CAMPUS REPORT**
Report by Estates and Campus Services Manager

FOR NOTING

- 10:40 – 10:45 **15) UPDATE FROM AUDIT SCOTLAND (CONFIDENTIAL)**
Report by Director of Finance and Estates
- 10:45 – 10:55 **16) FE/HE SORP REPORT**
Report by Director of Finance and Estates
- 10:55 – 11:00 **17) AOCB**

DISTRICT VALUER PROCEDURE

Report by Governance Officer

18) DATE AND TIME OF NEXT MEETING

Joint Audit and F&GP Committee Meeting 08 December 2025

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.

Action	Reporting Year	Status	Finding	Recommendation	Recommendation Significance	Management Response	Implementation Date	Responsible Officer	Comments
1	07/03/2024 2023/2024	Ongoing	UHI Research Funding: The Committee expressed concerns regarding the ongoing curriculum review, Research's place within the new structure and asked for clarification about the regional funded research across the UHI and its redistribution of funding.	Regional funded research and its redistribution to be looked at across UHI.	Medium		May-24		
2	03/02/2025 2024/25	Ongoing	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	Work is now almost completed on producing the college fixed asset register, with current year and prior years information having now been collated. Final checks are now being made and the fixed asset register will be fully completed by the end of June 2025.	31 June 2025	Director of Finance and Estates	
3	03/02/2025 2024/25	Ongoing	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 the next revaluation exercise taking place.	31 June 2025	Director of Finance and Estates	
4	03/02/2025 2024/25	Ongoing	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 NPD service concession agreement and retain this going forwards.	Medium	The college will attempt to source a copy of the original NPD agreement.	31 June 2025	Director of Finance and Estates	
5	03/02/2025 2024/25	Ongoing	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.	31 June 2025	Director of Finance and Estates	

Finance & General Purposes Committee

Subject/Title:	Financial Forecast Return 2024/25 to 2027/28
Author:	Niall McArthur, Director of Finance & Estates
Meeting:	Finance and General Purposes Committee
Meeting Date:	6 November 2025
Date Paper prepared:	30 October 2025
Brief Summary of the paper:	To present to committee 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:: ☐ compliance ☐ partnership services ☐ risk management ☐ strategic plan ☐ 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.

Committee 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.

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	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%	

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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			

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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.

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	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

Subject/Title:	Capital Budget Monitoring 2025/26
Author:	Niall McArthur – Director of Finance & Estates
Meeting:	Finance and General Purposes Committee
Meeting Date:	6 November 2025
Date Paper prepared:	24 October 2025
Brief Summary of the paper:	To present the capital budget monitoring for 2025/26.
Action requested: [Approval, recommendation, discussion, noting]	Discussion

Link to Strategy: Please highlight how the paper links to, or assists with:: ☐ compliance ☐ partnership services ☐ risk management ☐ strategic plan ☐ new opportunity/change	Complying with Funding parameters
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

That members note the capital budget monitoring for the year ended 31 July 2026.

Purpose of report

To update the Committee on the capital budget monitoring for the year ended 31 July 2026.

Capital Budget Monitoring 2025/26

Capital Funding from the SFC is made up of:

1. HE Capital
2. FE Backlog
3. BIS Funding (Research)
4. FE Lifecycle Maintenance – this can be spent on property additions/improvements; or else annual maintenance and IT equipment. It is more versatile in spend parameters than the other three sources.

As a condition of the SFC capital grant funding, the College has to commit the capital expenditure by 31 March 2026 and to pay the subsequent invoices by 31 July 2026.

The attached spreadsheet shows the grants allocated for the 2025/26 capital plan and these are noted below for each grant:

1. HE Capital – funding of £37,435
2. FE Backlog – funding of £8,018
3. BIS Funding (research) – funding of £28,617
4. FE Lifecycle Maintenance – funding of £109,802

A plan for the use of these funds is being drawn up and the funds will be committed and spent by the due dates noted above.

INVERNESS COLLEGE

Appendix 1

CAPITAL BUDGET TO 31 JULY 2026

	FE Lifecycle Maintenance £	Total £	HE Capital £	FE Backlog £	Sub Total £	BIS Research £	BIS Total £
2025-26							
	109,802	109,802	37,435	8,018	45,453	28,617	28,617
2024-25							
	104,279	104,279	33,083	8,018	41,101	28,551	28,551
2023-24							
	106,857	106,857	37,234	8,018	45,252	25,927	25,927

Subject/Title:	Revenue Budget Monitoring to 30 September 2025
Author:	Niall McArthur, Director of Finance & Estates
Meeting:	Finance & General Purposes Committee
Meeting Date:	6 November 2025
Date Paper prepared:	31 October 2025
Brief Summary of the paper:	To present the revenue budget monitoring for the 2 months to 30 September 2025 and the forecast for the year ended 31 July 2026.
Action requested: [Approval, recommendation, discussion, noting]	Discussion

Link to Strategy: Please highlight how the paper links to, or assists with:: ☐ compliance ☐ partnership services ☐ risk management ☐ strategic plan ☐ 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

Finance & General Purposes committee members are asked to discuss the report.

Purpose of report

To provide an update on the current forecast position at September 2025, in terms of the revenue budget monitoring for the 12 months ended 31 July 2026.

Revenue Monitoring – to 31 July 2026

This report provides an update to the committee on the forecast position of the college at the 2 month stage to September 2025, for the year to 31 July 2026.

Overall, the management accounts position is currently forecasting an operational deficit of £0.917 million, compared to the original budget deficit of £0.791 million, an overspend of £0.126 million. The breakdown of each income and expenditure line is provided in appendix 1 of the report.

The college has a FE Credit target for 2025/26 of 26,442 credits and an APC HE fte target of 1,581, with the budget target being 1,666 HE fte. At the time of writing the report, we do not have a clear picture of the forecast for the year for both FE credits and HE fte, but will provide an update on this at the next committee meeting in December 2025.

The main issues that are affecting the financial performance for the College in 2025/26 are noted below.

Income

- **UHI FE grant funding (Red risk)** - the UHI FE grant budget is forecast to be lower than the budget of £10.310 million. This is due to the new revised FE funding model, which has resulted in the forecast being £80,000 below the budget target.
 - Mitigating Actions: to maximise the January 2026 student intake and part-time/ block release courses for FE students for the remainder of the year.
- **UHI HE grant funding (Amber risk)** - the UHI HE grant target for the year is a total of £7.408 million. At the time of writing the report, we do not have an indication of the likely forecast for the year in terms of HE fte and so the forecast is the same as the budget.
 - Mitigating Actions:
- **Research grant funding (Amber risk)** – the research grant funding is forecast to be £1.248 million for the year. For the first 2 months of the year, there is very little grant income received at so at this early stage in the year, there is an amber risk in terms of the likelihood of achieving the budget target.
 - Mitigating Actions: ongoing work to bring in additional grant income, including UKRI applications, further KTP grants, and other grant funding.

- **Tuition fees (Amber risk)** –the tuition fees budget target is £3.131 million for the year and as yet, with no indication of forecast student numbers, the forecast is currently the same as the budget figure.
 - Mitigating Actions:
- **Refectory & restaurant income (Amber risk)** – the refectory and restaurant income budget target for 2025/26 is a total £634,217. For the first 2 months of the year, the actual to date is £123,101 which approximately £8,000 above the previous years figure at this stage. Based on this, the forecast is that the budget target will be achieved by the year-end.
- **Commercial income (Green risk)** – there is no target for commercial income for this year, however it is expected commercial income will be generated, although the level of commercial income at this early stage of the academic year is not yet clear.
- **Miscellaneous income (Amber risk)** – the miscellaneous income target for the year is £874,887. The actual income to for the first 2 months of the year is £247,804 and so based on previous years actuals, the forecast is that the income target will be achieved by the end of the year.

Expenditure

- **Staff costs (Amber risk)** - are forecast to be £47,000 over budget, with the annual staff budget now being £21.079 million. The annual staff budget includes the academic staff pay increase of 4.14%, which has been agreed and is being paid to academic staff. However, the professional staff cost of living increase has yet to be agreed, although an assumption of an increase of 4.14% for 2025/26 is included in the budget. The increased employers NIC's is also included in the budget.
The reason for the forecast overspend in staff costs is due to the increase in temporary staff costs which are used to cover staff illness.
- Other staff costs and travel costs are forecast to be the same as the budget for the year to 31 July 2026.
- Mitigating Actions: to continue to review all vacancies and ascertain whether they should be replaced or not, as part of the Staff Review Panel (SRP) process. Also, continue to review any retrials and ascertain whether they should be replaced or can be replaced through further efficiency measures.
 - **Premises costs (Amber risk)** - the budget for premises costs for 2025/26 is £1.925million. The current forecast is that expenditure will be in line with the budget, although close monitoring of all expenditure lines will be required, especially energy costs during the remainder of the year.

- Mitigating Actions: to continue to review all lines of expenditure and for the remainder of the year, reduce expenditure if possible.
- **Other Operating costs (Amber risk)** – the budget for other operating expenditure for the year is £7.741million. The current forecast is that
 - Mitigating Actions: to continue to review all lines of expenditure and for the remainder of the year, reduce expenditure if possible. The budget review exercise will be carried with most budget holders in 2025/26, with the first round of reviews due to begin in November 2025. Further reviews will take place during the rest of the year, in February and May 2026.

Student Support Funding

The Student Support funding (SSF) is forecast to be overspent in 2025/26 by approximately £100,000, compared to an underspend of £287,000 in 2024/25. There will be an opportunity, as part of the SFC In-Year redistribution exercise carried out in November 2025, for UHI Inverness to request additional student support funds for 2025/26. Further updates will be provided over the rest of the AY.

Liquidity

The bank balance at the end of September 2025 was £4.288 million, compared to the bank balance at July 2025 of £4.755 million. The forecast bank balance at 31 July 2026 is £2.102 million, a reduction of £2.653 million compared to the previous years balance. The reduction is due to the forecast deficit position in 2025/26, repayment of SSF underspend of £300,000 in March 2025 and the Longman site sale proceeds of £750,000 included in the 2024 year-end balance.

The updated forecast cashflow year-end balance figures are noted in the table below through to AY 2029/30.

Budget	Budget	Budget	Financial	Financial	Financial	Financial
31-Jul-24	31-Jul-25	31-Jul-26	Forecast	Forecast	Forecast	Forecast
£	£	£	£	£	£	£
8,619,000	3,100,000	2,117,000	1,443,000	982,000	565,000	210,000

Risk Assessment

Downside Risks

- The continued unfunded cost of living increases for academic and professional staff.

ITEM 06.

- Job Evaluation was due to complete by 31 March 2023. If monies from the SG are not sufficient to cover the costs, then colleges will have to fund the additional cost themselves.
- The five-year public sector finance forecast which was issued by the Scottish Government, which showed flat funding for revenue grants and reduced capital for five years.
- Although HE FTE numbers are increasing for UHI Inverness, across the UHI partnership they are still significantly below the SFC funded target, which increases the risk of further cuts to the UHI SFC funded number and potentially reduces the funded growth which is required across UHI.
- The UHI microRam continues to add uncertainty in projections at the year-end.

INVERNESS COLLEGE

PERIOD ENDED 30-Sep-25

INCOME AND EXPENDITURE ACCOUNT

	Note	Actual 30-Sep-25 £	Budget 31-Jul-26 £	Estimated Outturn 31-Jul-26 £	Variance from Budget £	Risk
Income						
Scottish Funding Council FE Grants	1	1,989,307	10,309,761	10,229,667	(80,094)	R
UHI	2	1,276,444	7,408,700	7,408,700	0	A
Tuition Fees	3	188,304	3,131,189	3,131,189	0	A
Other Grants - Research	4	(20,091)	1,248,037	1,248,037	0	A
Refectory and Training Restaurant	5	123,101	634,217	634,217	0	A
SDS	6	164,024	2,142,725	2,142,725	0	A
Commercial	7	1,355	0	0	0	G
Miscellaneous	8	247,804	874,887	874,887	0	A
Unitary Charge	9	842,856	4,903,884	4,903,884	0	
		4,813,103	30,653,400	30,573,306	(80,094)	
Staff Costs						
		3,281,450	21,078,972	21,125,786	(46,814)	A
Other Costs						
Premises	11	1,093,007	1,924,409	1,924,409	0	A
Other Costs	12	997,881	7,740,442	7,740,442	0	A
		2,090,888	9,664,851	9,664,851	0	
		5,372,337	30,743,823	30,790,637	(46,814)	
Cash Position		(559,235)	(90,423)	(217,331)	(126,908)	
NPD Capital		(156,745)	(897,592)	(897,592)	0	
Cash Position after repaying loan capital		(715,980)	(988,015)	(1,114,923)	(126,908)	
Non RDEL						
Deferred Grant Release		0	300,000	300,000	0	
Depreciation		0	1,000,000	1,000,000	0	
		0	(700,000)	(700,000)	0	
Operational Deficit		(559,235)	(790,423)	(917,331)	(126,908)	

INVERNESS COLLEGE

30-Sep-25

BALANCE SHEET

AS AT:	30-Sep-25	30-Sep-25 £	Final FS 31-Jul-25 £
FIXED ASSETS			
Tangible Assets		57,027,111	57,081,111
Leased Assets		54,000	0
		<u>57,081,111</u>	<u>57,081,111</u>
CURRENT ASSETS			
Stock		43,331	43,331
Debtors		427,720	979,288
Assets Held for Sale		0	0
Cash at Bank and in Hand		4,288,360	4,755,213
		<u>4,759,411</u>	<u>5,777,832</u>
CREDITORS			
Amounts falling due within One Year		(3,532,303)	(4,881,351)
NET CURRENT ASSETS		<u>1,227,107</u>	<u>896,481</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>58,308,218</u>	<u>57,977,592</u>
CREDITORS			
Amounts falling due after more than One Year		(38,272,980)	(37,655,185)
PROVISION FOR LIABILITIES AND CHARGES			
Defined Benefit Obligations		6,672,000	12,954,000
Enhanced Pensions		(1,570,304)	(1,593,773)
Other provisions		(2,397,357)	(2,397,357)
		<u>22,739,577</u>	<u>29,285,277</u>
NET ASSETS INCLUDING PENSION LIABILITY		<u>22,739,577</u>	<u>29,285,277</u>
RESERVES			
Revaluation Reserve		15,226,666	15,226,666
Income and Expenditure Account including Pension Liability		7,512,911	14,058,609
Total Reserves		<u>22,739,577</u>	<u>29,285,275</u>
		0	(2)

INVERNESS COLLEGE
PERIOD ENDED 30-Sep-25
INCOME AND EXPENDITURE ACCOUNT

ITEM 06.b

		Actual	Budget	Estimated	Variance	Within College	Outwith College	
	Note	30-Sep-25	31-Jul-26	Outturn	from Budget	Control	Control	Note
		£	£	£	£	£	£	
Income								
Scottish Funding Council FE Grants	1	1,989,307	10,309,761	10,229,667	(80,094)	(80,094)	(80,094)	1
UHI	2	1,276,444	7,408,700	7,408,700	0	0	0	2
Tuition Fees	3	188,304	3,131,189	3,131,189	0	0	0	3
Other Grants - Research	4	(20,091)	1,248,037	1,248,037	0	0	0	4
Refectory and Training Restaurant	5	123,101	634,217	634,217	0	0	0	5
SDS	6	164,024	2,142,725	2,142,725	0	0	0	6
Commercial	7	1,355	0	0	0	0	0	7
Miscellaneous	8	247,804	874,887	874,887	0	0	0	8
Unitary Charge	9	842,856	4,903,884	4,903,884	0	0	0	9
		4,813,104	30,653,400	30,573,306	(80,094)			
Staff Costs								
	10	3,281,450	21,078,972	21,125,786	(46,814)	(46,814)	(46,814)	10
Other Costs								
					0			
Premises	11	1,093,007	1,924,409	1,924,409	0	0	0	11
Other Costs	12	997,881	7,740,442	7,740,442	0	0	0	12
		2,090,888	9,664,851	9,664,851	0			
Total Expenditure		5,372,338	30,743,823	30,790,637	(46,814)			
Cash Position								
		(559,234)	(90,423)	(217,331)	(126,908)			
NPD Capital		(156,745)	(897,592)	(897,592)	0			
Cash Position after repaying loan capital		(715,979)	(988,015)	(1,114,923)	(126,908)			
Non RDEL								
Deferred Grant Release		0	300,000	300,000	0			
Depreciation		0	1,000,000	1,000,000	0			
		0	(700,000)	(700,000)	0			
Operational Deficit		(559,234)	(790,423)	(917,331)	(126,908)			

Notes

- 1 Scottish Funding Council FE Grants - level of FE student activity within our control, value of grant outwith our control.
- 2 UHI HE grants - level of HE student activity within our control, value of grant outwith our control
- 3 Tuition Fees - level of student activity within our control, amount of FE & HE full-time fees outwith our control, set by SFC
- 4 Other Grants - Research - within our control
- 5 Refectory and Training Restaurant - within our control
- 6 SDS - number of places on contracts outwith our control, but recruiting to the contracts awarded within our control.
- 7 Commercial - within our control
- 8 Miscellaneous income - within our control
- 9 Unitary Charge - outwith our control, set by SFC
- 10 Staff costs - number of staff in the college within our control, NB cost of ling increases and employer pension contributions outwith our control.
- 11 Premises - energy prises outwith our control, although working to reduce energy use at all college sites
- 12 Other operating costs - mix of costs both within and outwith our control.

Subject/Title:	Summary of the Draft Financial Statements for 2024/25
Author:	Niall McArthur – Director of Finance & Estates
Meeting:	Finance and General Purposes Committee
Meeting Date:	6 November 2025
Date Paper prepared:	29 October 2025
Brief Summary of the paper:	To present to committee a summary of the draft financial statements for the year ended 31 July 2025.
Action requested: [Approval, recommendation, discussion, noting]	Discussion

Link to Strategy: Please highlight how the paper links to, or assists with:: ☐ compliance ☐ partnership services ☐ risk management ☐ strategic plan ☐ 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

Recommendation

That committee members note the draft year-end financial position of the College for the year ended 31 July 2025.

Purpose of report

To present a summary of the draft financial statements for year ended 31 July 2025. A copy of the draft Statement of Comprehensive Income & Expenditure (SOCIE), the Balance Sheet and Adjusted Operating Position statement are attached to the report.

Income & Expenditure Account Summary

The draft operating deficit for 2024/25 was £0.843 million, compared to a surplus of £0.157 million in the previous year. 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 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.

The overall total comprehensive income for the year was £5.291 million, compared to £4.148 million the previous year, which was due to the actuarial gain in respect of pensions of £6.134 million.

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 in the appendix, 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 £29.285 million, compared to £23.994 million in the previous year, an increase of £5.291 million. The increase was mainly due to an increase in the pension asset related to the Highland Council LGPS.

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 increased from an asset of £2.902 million in 2023/24 to an asset of £8.963 million, an increase of £6.061 million. This is mainly due to the increase in the LGPS pension asset at the end of 2024/25.

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.

Inverness College
Statement of Comprehensive Income & Expenditure (SOCIE)
Year Ended 31 July 2025

DRAFT		2024/25	2023/24
	Notes	£	£
Income			
Funding Council Grants	2	21,841,478	22,482,839
Tuition fees and education contracts	3	4,908,087	4,603,800
Other income	4	3,178,085	3,241,951
Investment income	5	<u>169,522</u>	<u>180,768</u>
Total Income		<u>30,097,172</u>	<u>30,509,358</u>
Expenditure			
Staff costs	6	19,947,658	19,194,439
Other operating expenses	8	6,928,389	7,147,792
Depreciation	11	1,612,186	1,393,762
Impairment	13	0	0
Interest payable	9	<u>2,451,931</u>	<u>2,616,303</u>
Total Expenditure		<u>30,940,164</u>	<u>30,352,296</u>
Deficit before other gains and losses		(842,992)	157,062
Gain/(Loss) on disposal of fixed assets		<u>0</u>	<u>(467,000)</u>
Deficit before tax		(842,992)	(309,938)
Corporation tax		<u>0</u>	<u>0</u>
Deficit for the year		(842,992)	(309,938)
Actuarial gain in respect of pensions	22	6,134,000	1,738,000
Unrealised Surplus on revaluation of land and buildings		<u>0</u>	<u>2,720,025</u>
Total Comprehensive Income for the year		<u>5,291,008</u>	<u>4,148,087</u>
Represented by:			
Unrestricted funds		5,291,008	1,428,062
Revaution reserve		<u>0</u>	<u>2,720,025</u>
Total Comprehensive Income for the year		<u>5,291,008</u>	<u>4,148,087</u>

Inverness College
Balance Sheet
Year Ended 31 July 2025

DRAFT		2025	2024
	Notes	£	£
Non-current assets			
Tangible fixed assets	11	57,081,111	57,868,608
Current assets			
Stocks	12	43,331	50,581
Debtors	14	979,288	1,199,440
Cash and cash equivalents		4,755,214	8,619,232
		<u>5,777,833</u>	<u>9,869,253</u>
Creditors:	15	(4,881,355)	(7,551,936)
amounts falling due within one year			
Net current assets		896,478	2,317,317
Total assets less current liabilities		57,977,589	60,185,925
Creditors:	16	(37,655,185)	(39,093,480)
amounts falling due after one year			
Provisions	17	8,962,871	2,901,823
Total net assets		<u>29,285,275</u>	<u>23,994,268</u>
Represented by:			
Property revaluation reserves		15,226,666	15,226,666
Unrestricted reserves		14,058,609	8,767,602
		<u>29,285,275</u>	<u>23,994,268</u>

The accounts were approved by the Board of Management on _____ and
signed on its behalf by:

Professor Christopher O'Neil
Principal and Chief Executive Officer

Victoria Erasmus
Chair of Board

Inverness College
Adjusted Operating Position (AOP)
Year Ended 31 July 2025

DRAFT	2024/25	2023/24 £
Surplus/(deficit) before other gains and losses	(842,992)	157,062
Add back:		
Depreciation (net of deffered captial grant release) on both government funded and privately funded assets including NPD assets* (Note 13)	1,129,395	(285,891)
Costs of support staff job evlauation	377,705	367,000
Pension adjustment - Net Service Cost (Note 6)	181,000	198,000
Pension adjustment - Net Interest Cost (Note 9)	(329,000)	(242,000)
Pension adjustment - Early retirement provision (Note 17)	(13,682)	125,799
Deduct:		
Non Government capital grants (eg ALF grant)	(561,163)	-
NPD income applied to reduce NPD balance sheet debt	(1,032,577)	(941,231)
Adjusted operation surplus/(deficit)	(1,091,314)	(621,261)

Subject/Title:	Student Recruitment 2025/26
Author: [Name and Job title]	Jane MacLennan, Information Systems Manager
Meeting:	Finance and General Purposes
Meeting Date:	06 November 2025
Date Paper prepared:	29 October 2025
Brief Summary of the paper:	To provide the committee with the status of current recruitment for 2025/26
Action requested: [Approval, recommendation, discussion, noting]	Discussion
Link to Strategy: Please highlight how the paper links to, or assists with: a) compliance • partnership services • risk management • strategic plan • new opportunity/change	This paper links to the strategic plan, particularly in relation to the student experience and the curriculum.
Resource implications:	Yes
Risk implications:	Yes – quality of the student experience
Equality and Diversity implications:	Yes – equity of the student experience
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 confidence actionable in court (S36)	
Its disclosure would constitute a breach of the Data Protection Act (S38)		Other (please give further details)	
For how long must the paper be withheld? (express either as the time which needs to pass or a condition which needs to be met.)			

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

Student Recruitment 2025/26

Executive summary

The report provides a summary of current recruitment for 2025/26.

The 2025/26 FE Credits target for UHI Inverness is 26,442, we have currently achieved 90.7% of target and are in line with our credit profile.

The 2025/26 UHI Academic Partnership target for fundable HE undergraduate students is 1,581, with a budgeted target for all students of 1,666, we have currently achieved an estimated 92% of the APC target based on students' mode of attendance.

Enrolment for 2025/26 is ongoing for FE and HE students. The majority of full time students have enrolled and is ongoing for part time students and apprentices.

Main body of information

Student enrolments against targets

FE

The core credit target for 2025/26 remains at 26,442. We have currently achieved 23,977 credits, with further planned enrolments for apprentices and January start courses.

Credit Target			Actual Credits as at this point of year		% of Target	
	Original	Rebased			Original	Rebased
2020/21	29,439		01/11/2020	20,051	68.1%	
2021/22	30,677	32,009	01/11/2021	22,249	72.5%	69.5%
2022/23	29,882	29,620	01/11/2022	24,676	82.6%	83.3%
2023/24	26,657	26,442	03/11/2023	22,054	82.7%	83.4%
2024/25	26,442		30/10/2024	24,091	91.1%	
2025/26	26,442		29/10/2025	23,977	90.7%	

HE

The table below shows the estimated HE FTE based on current enrolments, and against targets set by APC. The estimates are made using information from the student record system and historical values of FTE **based on mode of attendance**.

APC FTE target		Estimated FTE as at this point of year		% of Target
2020/21	1,491	01/11/2020	1,367	91.7%
2021/22	1,530	01/11/2021	1,349	88.2%
2022/23	1,441	01/11/2022	1,210	84.0%
2023/24	1,418	03/11/2023	1,275	89.9%
2024/25 APC	1,319	30/10/2024	1,358	103.0%
2025/26 APC	1,581	29/10/2025	1,455	92.0%

The 2025/26 APC target for Undergraduate students who are fundable is 1,581, we have currently achieved an estimated 92% of the APC target based on students' mode of attendance. Unit attachment is ongoing, with further Graduate Apprentices enrolling w/c 27th October 2025.

Recruitment 2025/26 as at 29/10/2025

Enrolment is ongoing for FE and HE students. The majority of full time students have enrolled, apprentices and other part time students will continue to enrol throughout the academic year.

2025/26 as at 29/10/2025										
29/10/25	Current	DNS	Normal completion	Suspended	Transferred	Withdrawn	Enrolled Online	Provisional	Total	% DNS
FEFT	1030	167	1		18	55		18	1289	13%
FEPT	1271	239	32		20	49		359	1970	12%
HEFT	1399	178		24	21	36		12	1670	11%
HEPT	749	148	2	40	19	23	2	7	990	15%
Total	4449	732	35	64	78	163	2	396	5919	12%

2024/25 as at 01/11/2024										
01/11/24	Current	DNS	Normal completion	Suspended	Transferred	Withdrawn	Enrolled Online	Provisional	Total	% DNS
FEFT	1021	201	6		7	47		57	1339	15%
FEPT	1217	226	11		7	28	8	347	1844	12%
HEFT	1258	120		16	25	27		47	1493	8%
HEPT	748	89	3	43	19	13	8	89	1012	9%
Total	4244	636	20	59	58	115	16	540	5688	11%

2023/24 as at 01/11/2023										
01/11/23	Current	DNS	Normal completion	Suspended	Transferred	Withdrawn	Enrolled Online	Provisional	Total	% DNS
FEFT	944	217			11	43		23	1238	18%
FEPT	1572	309	6		2	18	4	259	2170	14%
HEFT	1184	166		17	22	18	1	7	1415	12%
HEPT	800	186		40	18	23	4	21	1092	17%
Total	4500	878	6	57	53	102	9	310	5915	15%

There are currently 2,301 FE students, compared to 2,238 at 1st November 2024, and 2,088 HE students, compared to 2,006 at 1st November 2024. The % DNS has decreased for FE full time students compared to last year but has increased for HE students.

Subject/Title:	KPI Report – Period 2 YTD
Meeting and date:	F&GP Committee 6 Nov 25
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 2, September 2025.

Summary

Twenty KPI measures were in scope as of Period 2, September 2025.

Twelve measures are satisfactory / met (Green).
Four measures are unsatisfactory / not yet met (Red),
Four measures are marginal / not yet met (Amber).

Comment on In-Scope Measures – Period 2, September 2025.

FE Credits. Serial 3. 103.2%. GREEN.

FE Credits as of 30 September were 22,701 against 22,000 planned. This represents 86% of the full year SFC funded FE Credit threshold. Unit attachments are to be completed for some semester 1 courses/students particularly as apprentice block release classes attend for the first time this academic year.

Apprenticeship Starts. Serial 4. 106.7%. GREEN.

224 new apprentice starts have been recorded for the period to September 2025 from the start of the contract year. Target for the period is 210. The next key SDS milestone is recruitment numbers as of 31st October.

Apprentices in Learning. Serial 5. 112.7%. GREEN.

761 apprentices are in learning (average) against 675 planned.

Worth noting, the figure does not include apprentices studying at UHI Inverness through managing agents such as SNIPEF and SECTT which raises the average in learning to over 1,000.

Apprenticeship Income. Serial 6. 168.5%. GREEN.

Apprenticeship Income YTD is £395,343 against profile of £235,000.

The sum is representative of the work undertaken by assessors and Business Solutions through the summer and since the start of the academic year to ensure that apprentices continue to benefit from reviews and complete units/qualifications.

Commercial Short Course Income. Serial 8. 253.5%. GREEN.

Actual short course income YTD was £31,690 against planned £12,500. Pleasing to see £17,000 of income from CIPD course enrolments along with income from two net zero courses (electrical). In addition, approximately £8,000 of Green Skills Funding has been earned which will be drawn down at the next quarterly review.

HE Enrolments (head count). Serial 9. 117.7%. GREEN.

Actual enrolments at the start of the academic year have been positive, delivering 2,236 against 1,900 planned. Planned enrolments increase to 2,000 in October before dropping to 1,950 until semester 2 recruitment. The drop relates to expected early and further withdrawals. More recent enrolment details are contained in the MIS Manager report.

HE Enrolments (year one starts). Serial 10. 115.6%. GREEN.

As of the end of September year one HE enrolments were 867 against plan of 750. The number is encouraging particularly for degree or 1+3/2+2 programmes as we would expect strong progression in future years.

GA Programmes – New Enrolments. Serial 13. 67.7%. RED.

GA enrolments are lower than planned and profiled at this stage of the year. October GA enrolments shall increase as the first block of the GA Civil Engineering and GA Construction & Built Environment programmes attend. However, it is known that GA new enrolments will fall short of annual target. Over-target enrolments in GA Civil Engineering and GA Business are offset by under-recruitment in other programmes such as Early Learning & Childcare (gap 7), Accounting (14). Late approval of GA Accounting limited marketing and promotion opportunities. Further detail is included in the MIS Manager's report.

Senior Phase Enrolments. Serial 14. 96.1%. AMBER.

We have enrolled 542 senior phase students against planned 564 enrolments. Senior phase programmes have suffered from relatively high DNS. DNS is a topic that receives close attention at SJEC and curriculum data presentations.

MA Successful Outcomes. Serial 32. 95.3%. AMBER.

MA success rates from increased to 71.5% in period 2 (65.7%) 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. 103.1%. 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. 90.2%. RED.

88% of Learning Support appointments were offered a meeting within 6-20 working days. This is against plan of 97%. The ASN team have received approaching 900 disclosures year to date. Each year since inclusion in KPI reporting, the number of disclosures has increased compared to the previous year.

PLSP – completed and accepted by the student. Serial 37. 85.3%. RED.

This is a new measure included to monitor the proportion of PLSPs that are accepted by students and table to be put in place following the Learning Support Appointment measured at serial 36. The percentage has increased from 70% in period 1 to 75% in period 2.

Number of Workplace Injuries. Serial 47. 115.7%. RED.

21 injuries in period 2 against profile of 17. The breakdown of the injuries are: 14 x cuts in hairdressing (primarily barbering students working on practice blocks) and 1 minor burn from a curling wand. 2 x RIDDOR injuries – joinery student hit their thumb with a mallet and broke a bone; professional cookery student cut finger putting away knives needed stitches. 2 x trips/slips. 1 x student hit on head by a stone (not malicious). 1 catering staff member received a cut from a broken dish lid requiring A&E treatment; returned next shift. HS&S Manager monitors this closely.

Room Occupancy – Frequency %. Serial 59. 96.4%. AMBER.

Occupancy for the period was 40% against plan 39%. Low period 1 occupation sustains and lower average. Will monitor over the coming months.

CO2 Emissions on Utilities (gross Tonnes). Serial 60. 87.4%. GREEN.

2025-26 target is 16% lower than previous year actual. Period 2 actual 36 tonnes against 38.1 planned. True test will come from October as temperature cools and nights draw in.

CO2 Emissions on Waste – Tonnes. Serial 61. 55.2%. GREEN.

Actual emissions for the quarter were 0.108 tonnes against plan of 0.2 tonnes. Data is provided by our waste management partners NRS. Estates and HS&S Manager monitor the data closely to advise on underlying reason for good performance (lower volumes / types of waste).

Estates Reactive Task Completion Rate %. Serial 62. 99.0%. AMBER.

The team achieved 95% completion in the period against 96% expectation. Estates Supervisor monitors estates requests and completion rates.

GTfM % Reactive Task Completion Rate. Serial 63. 97.5% GREEN.

GTfM met their objective completing 99% of their tasks against 96% plan.

Total % of Capital Expenditure Budget Committed. Serial 64. 248%. GREEN.

62% of capital expenditure budget has been committed as of the end of September.

Capital expenditure plans are in place and available funds will be committed by March 2026.

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 Oct 2025		R = Not Achieved
Period Month	September		A = Partially Achieved
No.Periods YTD	2		G = Achieved

Measure		Measurement Frequency	Prior Year Actual	Current Year Target	YTD TARGET	YTD ACTUAL	YTD ACTUAL v TARGET RAG	Sector Benchmark
3	FE Credits	Monthly	27085	26,442	22,000	22,701	103.2%	-
4	Apprenticeship starts	Monthly	409	382	210	224	106.7%	-
5	Apprentices in Learning (average in year)	Monthly	705	675	675	761	112.7%	-
6	Apprenticeship Income (excluding T&A)	Monthly	£1,398,960	£1,300,000	£235,000	£395,943	168.5%	-
8	Commercial Short Course Income	Monthly	£72,508	£75,000	£12,500	£31,690	253.5%	-
9	HE enrolments (head count)	Monthly	2,074	2,100	1,900	2,236	117.7%	-
10	HE enrolments (year one starts)	Annual	637	750	750	867	115.6%	-
13	GA Programmes - New Enrolments	Monthly	191	130	130	88.0	67.7%	-
14	Senior Phase Enrolments	Annual	574	564	564	542.0	96.1%	-
32	Modern Apprenticeship successful outcomes (contract year)	Monthly	63.2%	75%	75.0%	71.5%	95.3%	72%
35	Mental Health Support appt (non-emergency) offered for within 3 - 10 working days	Monthly	98.0%	97.0%	97.0%	100%	103.1%	-
36	Learning Support appt offered for within 6 - 20 working days	Monthly	100.0%	97.0%	97.0%	88%	90.2%	-
37	PLSP - completed and accepted by student (within 10 days of meeting)	Monthly	-	85.0%	85.0%	72.5%	85.3%	-
47	Number of workplace injuries	Monthly	115	115	19	22	115.79%	-
59	Room Occupancy - Frequency %	Monthly	40.2%	38.0%	28.5%	27.5%	96.4%	-
60	CO2 Emissions on Utilities (gross) Tonnes	Monthly	561	532	68	60	87.4%	-
61	CO2 Emissions on Waste - Tonnes	Quarterly	0.821	0.780	0.196	0.108	55.2%	N/A
62	Estates reactive task completion rate %	Monthly	95%	96%	96%	95.0%	99.0%	-
63	GTFM % reactive task completion rate	Monthly	95%	96%	96%	97.5%	101.6%	-
64	Total % of Capital expenditure budget committed (Aug - March)	Monthly	100%	100%	25.0%	62.0%	248.0%	100%

Subject/Title:	Operations & External Relations Report
Author: [Name and Job title]	Georgina Parker Vice Principal – Curriculum, Operations & External Relations with input from Business Solutions Manager and Commercial Manager
Meeting:	Finance and General Purposes Committee
Meeting Date:	September 2024
Date Paper prepared:	6 September 2024
Brief Summary of thepaper:	An extract of the KPI framework relating to Business Solutions YTD to end September 2025. Modern Apprenticeship starts are ahead of profile 224 against a target of 210 (+107%) Apprenticeship income is ahead of profile £396K against a target of £235K (+168%) Commercial short course income is currently £32K against a target of £12.4K (253%). This does not include UK Green Skills Challenge funding. Graduate Apprenticeships in learning continue to grow however the engineering GA and accounting GA recruitment was lower than forecast. For the second year running, a retrospective change to the funding methodology for programme leadership has been proposed by UHI/EO which would have a detrimental effect on partner finances. Module Leadership is no longer being funded by UHI/EO and actions which EO committed in 2024 to undertake to reduce the costs of this activity have not been completed, accounting for £280K of our deficit budget. Other funds have been removed or reduced in-year by EO.
Action requested: [Approval, recommendation, discussion, noting]	Discussion.

ITEM 13.

Link to Strategy: Please highlight how the paper links to, or assists with:: ☐ compliance ☐ partnership services ☐ risk management ☐ strategic plan ☐ new opportunity/change			
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			
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

1. Operations & External Relations KPIs

Figure 1 at Appendix I provides an overview of the KPIs for Business Solutions at 1st September 2025, showing that all measures are significantly ahead of profile with the exception of MA framework completions which are currently at 71.5%, against a national benchmark of 72%.

2. MA Contract Performance (SDS contract year 1 April 2025 - 31 March 2026)

There are 783 Modern Apprentices in learning on our own contract at end September 2025, with 224 new starts this year. Modern Apprenticeship Income is £395,943 at end September (Period 7).

UHI Inverness was the only partner to reach its key performance level for Modern Apprenticeship starts at the end of August reconciliation point:

Academic Partner	Argyll	Inverness	Moray	NWH	Orkney	Perth	Total
Total Allocation	105	382	74	101	44	89	795
Target starts April-Aug 25 - 28% (SDS KPL)	29	107	21	28	12	25	223
Forecast starts to Aug 25	28	158	16	9	0	9	220
Actual starts to 27/08/25	25	155	17	8	0	5	210
Difference in starts to SDS KPL	-4	48	-4	-20	-12	-20	-13
% achieved (Apr-Aug 25)	23.8%	40.6%	23.0%	7.9%	0.0%	5.6%	26.4%

(Source: UHI)

3. Graduate Apprenticeships

The growth in Graduate Apprenticeships has continued, with 248 GAs in learning and a further 13 which we expect to convert over coming weeks.

Recruitment to Civil engineering and Construction was strong, however Early Learning and Childcare had a high number of EOIs which failed to convert. Our new accountancy and engineering GAs have had a slow start, with engineering companies unable to recruit within the required timescales. Demand for Engineering is already looking strong for 2026/27.

4. Other Business Solutions Income

Following the curtailment of commercial course delivery in 2024/25 due to staff recruitment issues, our course programme has been reinvigorated for 2025/26. Business Solutions, our Curriculum Teams and Marketing have worked together to re-launch our commercial course offer across range of disciplines, including: Electrical, Plumbing and Renewables, Health & Safety, Construction, Forestry, Project

Management, Excel and CIPD.

Business - Commercial short courses

As most of these courses were confirmed following budget setting, neither the income nor delivery cost have been included in the budget. Courses are costed to provide at least a 40% contribution to overheads.

5. Operations and Commercial Services

Staff Deployment & Associated EO/UHI Funding Reductions

The staff deployment tool devised by the Operations and Commercial Manager continues to be employed to ensure that staff resources are deployed optimally. This is supported through budget monitoring and our Staff Resource Panel.

The positive financial impact of this work has unfortunately been undermined by UHI/EO's decision to cease funding for the module leadership hours that are allocated to our lecturers to undertake quality assurance activity on behalf of the university and to reduce in-year the payments agreed for programme leadership.

For over 12 years, since 2012/13, UHI has provided funding to academic partners to allocate time to lecturers to undertake programme and module leadership activity on UHI's behalf. The funding set aside for this (£600K) remained the same during this period, despite the salaries of the associated staff increasing by over 50% and the hours have been allocated for a growing number of programmes and modules. Concerns were repeatedly raised by UHI Inverness regarding the rising cost against the static budget. A SLWG was set up by UHI EO to review programme and module leadership, in which UHI Inverness participated alongside other partners.

In 2024/25, UHI stopped paying partners to deliver module leadership. A SLWG had worked on a plan to reduce module leadership activity from 17 hours to 3 hours per module, on the basis that much of the activity to be removed by changes at EO. As UHI Inverness had no faith that the actions would be undertaken in time, in consultation with our staff, both Inverness and Perth decided instead to reduce the remitted time from 17 to 13 hours, and to take the financial hit on the basis that the module leadership activity is essential to protect the quality and delivery of modules. Unfortunately, our concerns were proven and the actions to reduce the activity of module leadership have not been progressed by UHI/EO. Thus, we are having to continue allocating the 13 hours with no payment from UHI, even for the 3 hours that it was being reduced to.

For 2025/26, we have allocated 3,446 hours for module leadership at a direct cost of £280K and an opportunity cost of £675K. (See Appendix III, Table 1.)

In 2024/25, following the work of the SLWG, the rate paid by EO (taken from the topslice) was increased to reflect the direct cost of remission for programme leadership activity. However, in April 2025, towards the end of the delivery of HE programmes, UHI decided to withdraw over £29,000 of programme leadership funding from UHI Inverness, and similar proportions from other academic partners by retrospectively clustering

programmes and introducing a minimum number of students on programme for which programme leadership funding would be paid. (See Appendix III, Table 2.)

The proposed funding for programme leadership in 2025/26 model for programme leadership has also been amended by EO in-year to the detriment of partners. The model takes 2024/25 course occupancy as a baseline but does not add in any new programmes which are being delivered in 2025/26 and removes any programmes with fewer than 5 FTE even if numbers exceed that if the HN years* are taken into account or if they are programmes which are in their final year of being run down. They have also clustered programmes retrospectively, meaning programme leadership is shared across multiple programmes. EO is expecting this to reduce payments to partners overall, despite an increase to partners' costs: the fact that HE growth and new or replacement programmes have not been added to the model means that we will pay additional top-slice at 35% for any HE growth but will not receive funding to cover the associated programme leadership costs.

Staff resources were allocated to programme leadership when curriculum plans were approved in December 2024 and costs were included in the budget setting process in February 2025. The paper with the revised funding methodology was issued in September 2025 APC papers, long after resources had been allocated and delivery had commenced. Our VPCOER has raised concerns regarding this in-year nature of the change and the inequity of the model at Academic Planning Committee (APC) and at Partnership Council. They also met with Prof. Brian Williams and Richard Emborg to discuss and have invited colleagues from EO to attend a meeting at which we will present our curriculum planning, staff resource allocation, budgeting and monitoring process and timeline. This is in the hope that EO decisions can be timed to enable us to respond to removals of funding.

Fundamentally, the £600,000 ringfenced budget for programme and module leadership has not been increased, so the payment for higher levels of activity delivered by lecturers whose costs have increased by over 50% are reducing over time, whilst the top slice increase as we grow our HE delivery.

In fact, the in-year suggested changes for 2025/26 would reduce the payment further.

*In some cases, 4-year degree programmes do not have a year 1 degree route but commence with an HNC, then transfer into year 2 of the degree programme.

A further in-year reduction against budgeted income has arisen. For around 10 years, UHI Inverness has undertaken exam board clerking on behalf of UHI in return for a financial payment to cover costs. This was budgeted as usual for 2025/26 and staff resource was allocated to the activity. However, UHI Inverness was advised by email at the end of September 25 that this would no longer be paid. This leaves a further £13,700 income gap compared to last year.

6. Curriculum Planning Review

The curriculum planning review process has commenced for 2026/27, led by the TELS (Tertiary Education Leaders), the Operations & Commercial Manager and the MIS Manager. Data trends, course costing and sector development plans are supporting

this process. The draft curriculum plan with any key recommendations for change will be presented to EMT in December.

7. Research: Business Planning and Deficits

Appendix II provides an analysis of research income and expenditure against budget. Business planning and forecasting within research is still poor despite support offered. This has been produced by our Operations & Commercial Manager and highlights the risk to the financial sustainability of UHI Inverness.

Appendix II shows that UHI Inverness' deficit across its research activities totals **-£1.9M** over the last six years since 2019.

Whilst the deficits have reduced in recent years, following improvements in planning and monitoring, however budget setting is still an issue with variances being problematic.

8. Food Service and Events - Financial Performance

Commercial catering outlet sales revenue for the nine-week period from 28th July to 26 September is £111K, circa £7K ahead of profile budget revenue. The September budget monitoring report will enable GP% and other measures.

8.1 Student Support – Free Breakfast and Lunch

Approximately 10,100 free breakfasts/lunches have been provided this academic year to date at a direct cost of circa £6,800.

8.2 Internal Hospitality

Internal hospitality is monitored monthly and has cost around £476 to date.

8.3 Events

The financial year to date has seen a modest increase on activities managed or coordinated by the Events team. There have been twenty-one events since the start of the financial year, compared to sixteen last year. Eleven of the events were income generating activities with revenue of approximately £6,200, including PGDE catering. In addition, discussions continue with three groups of potential visitors from USA in June 2026. We are confident that two groups will come and hopeful for the third. Contribution will be circa £17,000 - £20,000 based on two groups attending.

8.4 Waste & sustainability

Waste and sustainability remain a priority for the department with volume waste monitored and recorded as an equivalent cost per transaction. Performance remains good in this area with average costs at ~3.0p per transaction, well within industry parameters. The re-introduction of metal cutlery has been well received.

APPENDIX II: KPI REPORT EXTRACT FOR BUSINESS SOLUTIONS MEASURES

Performance Measures			AY Start		04 Aug 2025		Key:		B = Not yet in scope	
AY: 2025-2026			Today		01 Oct 2025				R = Not Achieved	
Performance Measures- EMT & Board of Management			Period Month		September				A = Partially Achieved	
			No.Periods YTD		1				G = Achieved	
Measures - Linked to Profile and Actual sheets										

APPENDIX II: SIX YEAR ANALYSIS OF RESEARCH INCOME AND EXPENDITURE

Table 1 Consolidated Research																	CUMULATIVE BUDGET SINCE FY19	CUMULATIVE ACTUAL SINCE FY19
	FY18 Actual	FY19 Budget	FY19 Actual	FY20 Budget	FY20 Actual	FY21 Budget	FY21 Actual	FY22 Budget	FY22 Actual	FY23 Budget	FY23 Actual	FY24 Budget	FY24 Actual	FY25 Budget	FY25 Actual			
Income	455,836	200,000	396,005	462,000	640,274	932,539	724,961	966,859	784,476	846,692	937,005	1,636,113	1,220,743	1,462,090	1,156,975	6,506,293	6,165,554	
Staff Salary Costs	495,860	586,076	636,970	636,534	690,126	628,296	642,233	743,000	669,897	858,167	824,970	1,141,232	1,073,630	958,815	1,003,363	5,552,120	5,496,641	
Staff Travel	16,505	5,475	16,690	8,500	18,125	13,343	8,277	37,407	6,617	29,150	16,442	64,799	39,191	20,300	22,043	178,974	125,642	
Other Expenditure	393,626	105,279	333,213	353,469	243,776	352,977	256,853	355,485	327,609	208,103	290,817	496,972	338,280	439,227	327,193	2,311,512	2,229,775	
Total Expenditure	905,991	696,830	986,873	998,503	952,027	994,616	907,363	1,135,892	1,004,123	1,095,420	1,132,229	1,703,003	1,451,101	1,418,342	1,352,599	8,042,606	7,852,058	
Contribution / Deficit	-450,155	-496,830	-590,868	-536,503	-311,753	-62,077	-182,402	-169,033	-219,647	-248,728	-195,224	-66,890	-230,358	43,748	-195,624	-1,536,313	-1,925,876	
Table 2 R1000																	CUMULATIVE BUDGET	CUMULATIVE ACTUAL SINCE FY19 (BEST CASE)
	FY19 Budget	FY19 Actual	FY20 Budget	FY20 Actual	FY21 Budget	FY21 Actual	FY22 Budget	FY22 Actual	FY23 Budget	FY23 Actual	FY24 Budget	FY24 Actual	FY25 Budget	FY25 Actual				
Income	8,000	24,474	195,000	172,386	148,351	200,703	126,541	192,726	221,541	183,272	130,000	133,435	130,000	130,030	829,433	906,996		
Staff Salary Costs	168,981	165,237	197,448	244,725	145,644	110,349	743,000	621,365	98,078	305,538	406,703	463,610	277,139	308,560	1,759,854	1,910,824		
Staff Travel	375	6,572	2,000	11,726	6,839	1,009	4,300	5,689	0	1,814	1,500	1,815	0	0	15,014	30,625		
Other Expenditure	3,263	6,952	140,602	6,779	42,952	998	32,880	-8,426	20,750	11,051	0	15,654	0	0	240,447	33,008		
Total Expenditure	172,619	180,761	340,050	263,230	195,435	112,356	780,180	618,628	118,828	318,403	408,203	481,079	277,139	308,560	2,015,315	1,974,457		
Contribution / Deficit	-164,619	-156,287	-145,050	-90,844	-47,084	88,347	-653,639	-425,902	102,713	-135,131	-278,203	-347,644	-147,139	-178,530	-1,185,882	-1,067,461		
Table 3 R1520																	CUMULATIVE BUDGET	CUMULATIVE ACTUAL SINCE FY19 (BEST CASE)
	FY19 Budget	FY19 Actual	FY20 Budget	FY20 Actual	FY21 Budget	FY21 Actual	FY22 Budget	FY22 Actual	FY23 Budget	FY23 Actual	FY24 Budget	FY24 Actual	FY25 Budget	FY25 Actual				
Income	104,000	74,776	100,000	197,306	138,200	23,133	279,289	191,363	286,293	533,625	971,956	723,636	918,915	683,710	1,879,738	1,743,839		
Staff Salary Costs	257,601	239,159	264,842	201,477	196,068	161,191	0	38,857	484,320	353,433	447,013	486,098	422,326	476,891	1,649,844	1,480,215		
Staff Travel	1,600	4,175	3,000	3,975	3,468	755	18,000	0	29,150	11,355	6,667	20,894	20,000	11,834	61,885	41,154		
Other Expenditure	23,351	111,687	92,781	87,166	85,297	37,869	98,184	171,957	119,194	178,521	256,234	193,045	300,300	185,177	675,041	780,245		
Total Expenditure	282,552	355,021	360,623	292,618	284,833	199,815	116,184	210,814	632,664	543,309	709,914	700,037	742,626	673,902	2,386,770	2,301,614		
Contribution / Deficit	-178,552	-280,245	-260,623	-95,312	-146,633	-176,682	163,105	-19,451	-346,371	-9,684	262,042	23,599	176,289	9,808	-507,032	-557,775		
Table 4 R1850 PGR & Development																	CUMULATIVE BUDGET	CUMULATIVE ACTUAL SINCE FY19 (BEST CASE)
	FY19 Budget	FY19 Actual	FY20 Budget	FY20 Actual	FY21 Budget	FY21 Actual	FY22 Budget	FY22 Actual	FY23 Budget	FY23 Actual	FY24 Budget	FY24 Actual	FY25 Budget	FY25 Actual				
Income	63,000	87,788	100,000	76,328	369,800	184,613	301,599	203,231	177,841	70,375	52,735	127,281	61,227	120,049	1,064,975	749,616		
Staff Salary Costs	0	0	0	438	0	0	0	1,500	0	0	0	0	0	0	0	1,938		
Staff Travel	0	490	0	258	396	0	0	0	0	409	0	0	0	1,656	396	1,157		
Other Expenditure	61,865	145,444	98,455	122,790	163,007	156,462	155,156	102,777	48,186	71,621	84,271	68,167	101,858	112,632	610,940	667,261		
Total Expenditure	61,865	145,934	98,455	123,486	163,403	156,462	155,156	104,277	48,186	72,030	84,271	68,167	101,858	114,288	611,336	670,356		
Contribution / Deficit	1,135	-58,146	1,545	-47,158	206,397	28,151	146,443	98,954	129,655	-1,655	-31,536	59,114	-40,631	5,761	453,639	79,260		
Table 5 R5000 CLS																	CUMULATIVE BUDGET	CUMULATIVE ACTUAL SINCE FY19 (BEST CASE)
	FY19 Budget	FY19 Actual	FY20 Budget	FY20 Actual	FY21 Budget	FY21 Actual	FY22 Budget	FY22 Actual	FY23 Budget	FY23 Actual	FY24 Budget	FY24 Actual	FY25 Budget	FY25 Actual				
Income	20,000	48,207	62,000	6,965	45,932	15,107	59,854	73,634	161,017	149,733	481,422	236,391	351,948	223,186	830,225	530,037		
Staff Salary Costs	38,646	39,903	42,026	56,566	183,108	189,852	0	8,175	275,769	165,999	287,516	123,922	259,350	217,912	827,065	584,417		
Staff Travel	3,500	386	3,500	0	276	0	0	123	0	2,864	56,632	16,482	300	8,553	63,908	19,855		
Other Expenditure	16,800	409	19,691	179	4,159	9,099	39,155	27,436	19,973	29,624	156,467	61,414	37,069	29,384	256,245	128,161		
Total Expenditure	58,946	40,698	65,217	56,745	187,543	198,951	39,155	35,734	295,742	198,487	500,615	201,818	296,719	255,849	1,147,218	732,433		
Contribution / Deficit	-38,946	7,509	-3,217	-49,780	-141,611	-183,844	20,699	37,900	-134,725	-48,754	-19,193	34,573	55,229	-37,663	-316,993	-202,396		

APPENDIX III: PAYMENT REDUCTIONS FROM UHI

Table 2 unfunded module leadership delivered in 2024/25

Year	Hours	Actual Cost	Opportunity Cost
2024/25	3,809	£297,000	£732,000*
2025/26	3,446	£280,000	£675,000*

*Circa, based on a class of 12 x price group 5

Table 1 issued to APC in April 2025, when HE teaching was close to completion

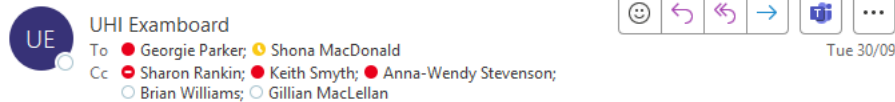
APC24-083(i)

Financial Outcome of the New Model and Proposed Modification

When the model was run in March 2025, it was notable that there was a significant increase in the budget required to support remission from £600k to over £750k at a time when the Partnership is failing to meet SFC funded places. It was identified that over £133k of this additional spend was related to programmes with fewer than 5 FTEs.

Partner	Original Remission Hours	Original Model Payment	Minimum 5 FTE Remission Hours	Minimum 5 FTE Payment	Payment Variance
EO	540	£41,660	540	£41,660	£0
HTC	225	£17,358	171	£13,192	-£4,166
Inverness	1962	£151,364	1584	£122,202	-£29,162
Moray	477	£36,799	423	£32,633	-£4,166
NWH	1935	£149,281	1503	£115,953	-£33,328
Orkney	657	£50,686	441	£34,022	-£16,664
Perth	2844	£219,408	2520	£194,412	-£24,996
SAMS	144	£11,109	144	£11,109	£0
Shetland	189	£14,581	189	£14,581	£0
SMO	612	£47,214	342	£26,385	-£20,830
Grand Total	9585	£739,460	7857	£606,149	-£133,311

Email removing need for paid service provision for clerking of exam boards which we have delivered for around 10 years and is now being centralised.



FAO AP APC Representative/ Examboard Clerk Line-Manager

We are writing to inform you of changes that will be taking place to Examboard clerking from AY 2025/26. Due to re-organisation activities within both Executive Office and within the Learning, Teaching and Students department, as from Semester 1 of this new Academic Year, Executive Office will directly support all examboard clerking. We are very grateful for the support provided by UHI Inverness over the years and whilst we appreciate this change is unforeseen prior to now, we hope that this notice period may help to mitigate any challenges to scheduling that this might present. **Please can you ensure that you have communicated this change to your individual clerks by Monday 6th October.**

We anticipate as part of this reorganisation that there will be some changes to the examboard schedule, with the change also being brought in to provide a continuity across the examboards with respect to who is supporting the various boards. The Academic Standards and Enhancement team will liaise with individual clerks directly to confirm the status of scheduling for each exam board. A separate communication will be going out to external examiners advising them of relevant changes.

We appreciate that this change may have wider implications for your team. If you would like to discuss the practicalities of the new arrangement please contact Sharon Rankin. If you would like to discuss the broader implications of this change, and the rationale for introducing it, please contact Keith Smyth.

Payment was £13,717

Finance & General Purposes

Subject/Title:	Estates and Campus Services Report
Author: [Name and Job title]	Martin Kerr, Estates & Campus Manager
Meeting:	Finance and General Purposes Committee
Meeting Date:	06/11/2025
Date Paper prepared:	28/10/ 2025
Brief Summary of the paper:	This paper provides updates on our carbon management plan, waste management and capital projects, together with reporting on aspects of soft FM and hard FM performance
Action requested: [Approval, recommendation, discussion, noting]	Noting
Link to Strategy: Please highlight how the paper links to, or assists with:: • compliance • partnership services • risk management • strategic plan • new opportunity/change	
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:
Consultation: [staff, students, UHI & Partners, External] and provide detail	

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 confidence actionable in court (S36)	
Its disclosure would constitute a breach of the Data Protection Act (S38)		Other (please give further details)	
For how long must the paper be withheld? (express either as the time which needs to pass or a condition which needs to be met.)			

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

Campus Services Report

Soft FM and Contracts

Pristine Audit scores have been in mid-90%. However, we have seen a slight dip in performance following the students return. This has been addressed at the weekly cleaning meeting and Pristine have taken steps to get back on track. Octobers Audit showed clear improvements.

Pool vehicle

Pool car utilisation still in the mid 90's. we have been trailing the use of EV as lease price have dropped in the last few years. Current lease expires March 2027.

Leasing Agreements

- An-lochan lease agreement has been completed. All research equipment has been removed from workshop area. All other areas are fully operational.
- Burnett road lease. Landlord has declined to exit early. Notice has been given for handover before 1st of May 2026.
- Sustainable Construction Centre, now operational from 20th May. Awaiting funding to be released to progress with second phase.

Storm damage

Both campuses had fallen trees and grounds damage following both named storms this year. Estates received excellent support from Balloch technician Matt White in making campus grounds safe.

Hard FM, GTFM

The working relationship between GTFM and the college team has been under strain due to several long-term issues. A formal letter was issued to GTFM on a number of areas, looking for an improvement plan.

Key Areas

1. Speed of response. etc fire management system enquires.
2. Handover procedures relating to life cycle activities. No clear handover and quality review.

3. Project management.
4. Contract management.

Several meetings between EMT and GTFM senior management team have been undertaken. With GTFM proposing several positive actions to improve partnership.

- New management structure to commence August 2025. This is still outstanding.
- Ground floor LED lighting install. Completed October break. First floor will be completed by end 2026.

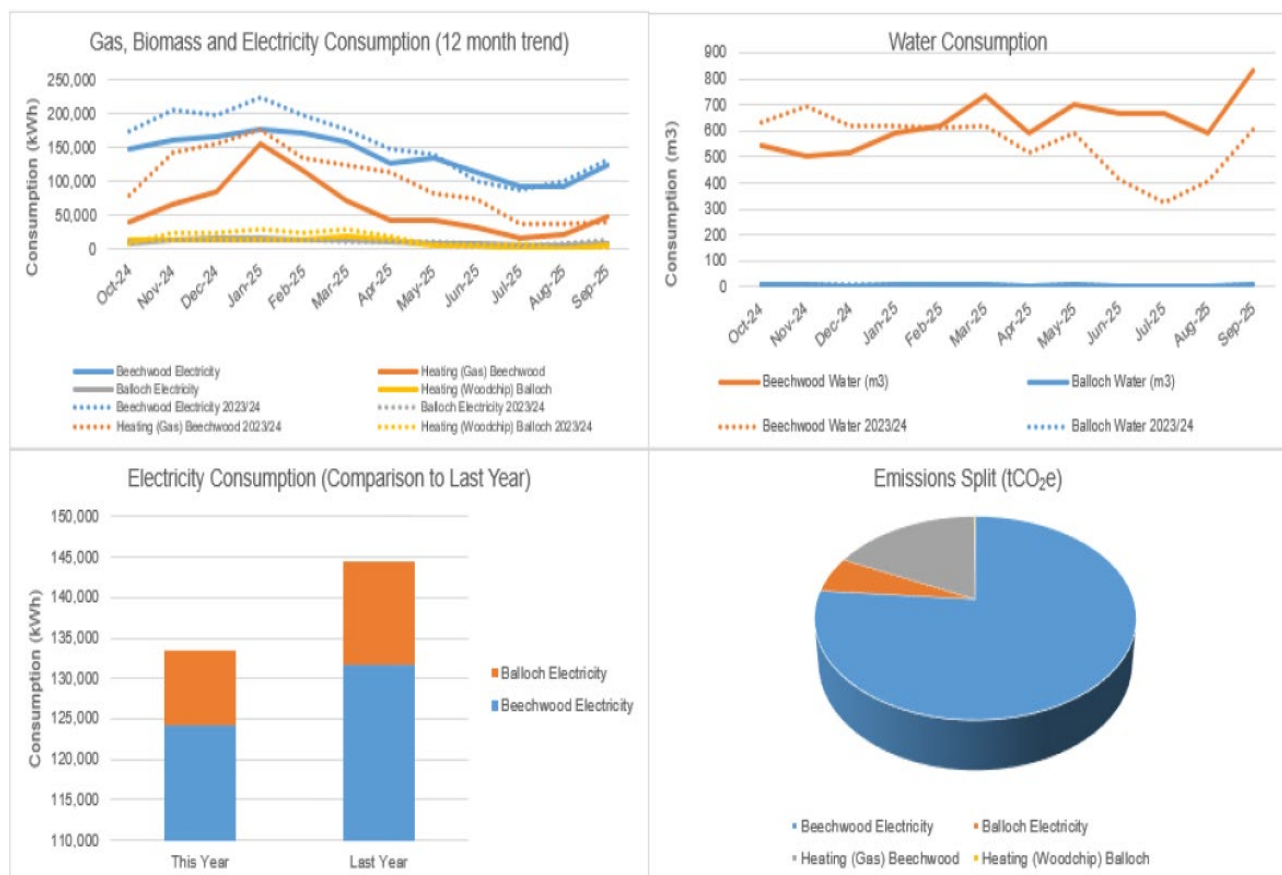
Progress has been slow with GTFM management structure. However, day to day business is improving with a good collaborative approach from IC contact officer and GTFM's FM manager.

Carbon Management Plan

The Inverness College Carbon Management plan has been developed by the Estates team and GTFM our FM contractor.

Good progress has been made on low-cost adjustment to operating systems. GTFM have been working through there action plan on improved monitoring tools. But progress has been slow. This will allow us to undertake analysis of our facilities improve energy efficiency.

GTFM produces a monthly utility report for scrutiny at the IC GTFM Monthly Operations Meeting chaired by the Director of Finance and Estates.



Waste Management

Northern recycling performing well. With 80% of our waste being recycled. The other 20% of general waste is sent for Waste to energy. Therefore, zero waste to land fill. Key focus to reduce general waste volume.

Capital Project and Campus Management Capital Projects Update**ABC Garden/ Healthy Campus**

Funds reallocated to new LRC social area. Project now closed.

Sector Development Plan Room change project update

G1 Complete.

201 Complete.

G38/39 Complete.

HISA Office Complete.

Green Technology

Estates have been supporting engineering on equipment upgrades and installation over the last few months. First phase complete.

LRC student social space.

First phase complete. Phase will two be installing of new furniture and ICT equipment.

**Balloch tractor yard development**

New tractor yard has been created to remove vehicle movement pinch point. This has been a joint project between academic and estates team. Materials were secured under Estate's CAPEX budget and work was undertaken by Balloch Technician and estates team. Estimated saving of £20,000.



Harbour Rd Sustainable Construction Centre Lease.

Project board has been established to deliver this option. Teaching commenced 20th May. Project board awaiting secured funding to be released to allow them to continue with facility development.

Finance & General Purposes Committee

Subject/Title:	FE/ HE SORP 2026 Summary Report
Author:	Niall McArthur – Director of Finance & Estates
Meeting:	Finance & General Purposes Committee
Meeting Date:	6 November 2025
Date Paper prepared:	24 October 2025
Brief Summary of the paper:	To provide the committee with a summary of the new FE/ HE Statement of Recommended Practice (SORP) and the key changes for the annual financial statements.
Action requested: [Approval, recommendation, discussion, noting]	Noting

Link to Strategy: Please highlight how the paper links to, or assists with:: ☐ compliance ☐ partnership services ☐ risk management ☐ strategic plan ☐ new opportunity/change	Risk Management Strategic Plan
---	--------------------------------

Resource implications:	No 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

For committee members to discuss the report.

Purpose of report

To provide committee members with a summary of the new FE/ HE Statement of Recommended Practice (SORP) and the key changes for the annual financial statements.

New FE/ HE SORP 2026

The new FE/HE SORP will apply to accounting periods beginning on or after 1 January 2026, which for the college will be the year ending 31 July 2027. Colleges are being asked to start preparing for the changes, ensuring systems, policies, and finance teams are ready for the new requirements from the start of the next financial year.

The UK finance director group, BUFDG, have produced a guide which summarises the key areas finance teams need to know now, and the practical steps they can begin taking to get SORP-ready for the 2026/2027 year-end. A copy of the guide is attached to this report.

The key areas covered in their guidance are noted below:

1. Lease Accounting

- On-balance sheet treatment: Most operating leases will now be recognised on the balance sheet as a right-of-use asset and a corresponding lease liability, replacing the previous off-balance sheet treatment.
- Scope and exemptions: Short-term leases (under 12 months) and low-value assets may be exempt, though “low value” is not defined numerically. Examples of non-low value assets include vehicles and property.
- Lease term assessment: Institutions must consider the full non-cancellable period, including likely extensions or renewals.
- Component separation: Lease and non-lease elements (e.g. services) must be accounted for separately unless a practical expedient is applied by asset class.
- Sector-specific guidance: Draft guidance notes accompany the SORP Exposure Draft, including treatment of peppercorn and below-market leases.

Institutions will see an increase in both assets and liabilities, requiring updates to systems, policies, and reporting templates.

2. Revenue Recognition

The Five-Step Model The 2026 SORP introduces the five-step model for recognising revenue from contracts with customers, aligning with international standards:

1. Identify the contract(s) with a customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations

5. Recognise revenue as each obligation is satisfied

Considerations include:

- Judgement and complexity: Applying the model may require significant judgement, especially in areas like contract modifications, variable consideration, and principal vs agent roles.
- Non-cash consideration: Donated goods or services (e.g. equipment or facilities) must be recognised as income and capitalised.
- Fee waivers and scholarships: When related to the initial admission process or linked to continued attendance are now treated as a reduction in revenue, not as expenditure.
- Distinct performance obligations: Institutions must assess whether contracts (e.g. with students) contain multiple separable obligations or a single bundled service.

Institutions will need to review and potentially revise how they account for tuition fees, research contracts, and other income streams.

3. Other notable changes

While less significant for most institutions, the incoming FEHE SORP also includes:

- Updated disclosures: Covering areas such as going concern, financial instruments, investments in associates, onerous contracts, intangible assets, and service concessions.
- Revised model statements: Minor updates to the format of primary financial statements.

These changes may require minor updates to disclosures and reporting formats, depending on institutional circumstances.

The BUFDG guide also provides information on the activities which finance team need to undertake, which include:

- Impact & preparation
- Key internal questions to ask
- What you need to do in 2025
- Tackle challenges head on
- Preparation checklist

The finance team plan to begin these activities in the fourth quarter of 2025, to ensure they are ready for the new FE/HE SORP implementation in AY 26/27.



Ready, Set, SORP

Practical preparations for FEHE SORP 2026



Introduction

The new FEHE SORP will apply to accounting periods beginning on or after 1 January 2026 (i.e. year ending **31 March 2027** or **31 July 2027** for most Further and Higher Education Providers). Institutions are entering a critical phase of preparation for the changes ahead and must turn their attention to implementation—ensuring systems, policies, and teams are ready for the new requirements from the start of the next financial year. This guide summarises the key areas finance teams need to know now, and the practical steps they can begin taking to get SORP-ready.

What's changing?

The 2026 FEHE SORP introduces two major changes that will affect most institutions, alongside a number of smaller but still important updates. These changes reflect updates to FRS 102 and aim to bring UK GAAP more in line with international standards.

Here's what finance teams need to know:

1. Lease Accounting

- **On-balance sheet treatment:** Most operating leases will now be recognised on the balance sheet as a **right-of-use asset** and a corresponding **lease liability**, replacing the previous off-balance sheet treatment.
- **Scope and exemptions:** Short-term leases (under 12 months) and low-value assets may be exempt, though "low value" is not defined numerically. Examples of non-low-value assets include vehicles and property.
- **Lease term assessment:** Institutions must consider the full non-cancellable period, including likely extensions or renewals.
- **Component separation:** Lease and non-lease elements (e.g. services) must be accounted for separately unless a practical expedient is applied by asset class.
- **Sector-specific guidance:** Draft guidance notes accompany the SORP Exposure Draft, including treatment of peppercorn and below-market leases.

Institutions will see an increase in both assets and liabilities, requiring updates to systems, policies, and reporting templates.

2. Revenue Recognition – The Five-Step Model

The 2026 SORP introduces the five-step model for recognising revenue from contracts with customers, aligning with international standards:

1. Identify the contract(s) with a customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as each obligation is satisfied

Considerations include:

- **Judgement and complexity:** Applying the model may require significant judgement, especially in areas like contract modifications, variable consideration, and principal vs agent roles.
- **Non-cash consideration:** Donated goods or services (e.g. equipment or facilities) must be recognised as income and capitalised.
- **Fee waivers and scholarships:** When related to the initial admission process or linked to continued attendance are now treated as a **reduction in revenue**, not as expenditure.
- **Distinct performance obligations:** Institutions must assess whether contracts (e.g. with students) contain multiple separable obligations or a single bundled service.

Institutions will need to review and potentially revise how they account for tuition fees, research contracts, and other income streams.

3. Other notable changes

While less significant for most institutions, the incoming FEHE SORP also includes:

- **Updated disclosures:** Covering areas such as going concern, financial instruments, investments in associates, onerous contracts, intangible assets, and service concessions.
- **Revised model statements:** Minor updates to the format of primary financial statements.

These changes may require minor updates to disclosures and reporting formats, depending on institutional circumstances.

Impact and Preparation

Institutions are encouraged to complete impact assessments and begin preparations in 2025, particularly for lease and revenue recognition changes.

The following areas may have an impact on financial statements:

- **Lease-related assets and liabilities** – Most operating leases will now appear on the balance sheet.
- **Income streams** – Tuition fees, research contracts, and donations may need to be reassessed under the five-step revenue recognition model.
- **Disclosures** – Updates may be required for salary banding, going concern, financial instruments, and more.
- **Comparative data** – You may need to restate prior year figures to align with the new requirements.
- **Presentation formats** – Minor changes to the layout of primary statements may require template updates.

Reporting and compliance considerations include:

- **Increased complexity** – More detailed judgements and estimates will be required, especially for revenue recognition and lease classification.
- **System and process updates** – Financial systems may need reconfiguration to support new data capture and reporting formats.
- **Audit and governance implications** – Boards and audit committees will need to understand the changes and their implications for oversight and risk.
- **Consistency and comparability** – The changes aim to improve transparency, but may initially reduce comparability with prior years if not carefully managed, or require additional narrative in annual reports.



Key internal questions to ask

To guide your institution's readiness, consider the following:

- Do we have a complete and up-to-date **register of leases**, including terms and service components?
- Have we identified **contracts with performance obligations** that may need to be separated or re-evaluated?
- Are we clear on how **fee waivers, scholarships, bursaries, and donations** will be treated under the new model?
- What **systems or templates** will need updating to reflect the new reporting requirements?
- Have we engaged with our **auditors and governance bodies** to agree on interpretations and timelines?
- Do we have a plan for **training staff** and communicating changes across relevant teams?

What you need to do in 2025

Priority actions to consider include:

- Review the final SORP 2026 guidance when published
- Identify key differences from the current SORP
- Understand changes to income recognition and lease accounting
- Build SORP 2026 into your year-end planning
- Reviewing accounting policies
- Engage with auditors and governance teams
- Plan updates to systems and templates
- Communicating key changes to finance and reporting staff
- Identifying training requirements
- Planning for comparative data (if restatement is required)

A more detailed checklist can be found on page six of this document.

Tackle challenges head on

As institutions prepare for the implementation of the FEHE SORP 2026, several practical challenges are likely to arise. Recognising these early and planning accordingly can help avoid delays, errors, and unnecessary stress.

Challenge	Mitigation
Data availability: New requirements, particularly for lease accounting and revenue recognition, may demand data that hasn't previously been captured or stored in a structured way.	• Conduct a data audit to identify gaps in lease records, contract terms, and performance obligations. • Work with IT and systems teams to ensure data can be extracted and reported in the required formats. • Start collecting comparative data now to support restatement for the 2025/26 period.
Cross-departmental coordination: Preparing for the new SORP requires input from procurement, legal, academic departments, and IT—especially for lease and contract data.	• Establish a SORP working group with representatives from key departments. • Communicate early and clearly about what information is needed and why. • Use this as an opportunity to strengthen cross-functional collaboration and shared ownership of compliance.
Timing and Resource Planning: The financial reporting period affected by SORP 2026 is fast approaching, with most institutions needing to apply the changes for the year ending 31 March or July 2027. Institutions may face challenges balancing these new requirements with existing operational demands and limited resources. Without planning, competing priorities in the current cycle could delay essential preparation.	• Begin preparatory work now, focusing on areas unlikely to change (e.g. lease accounting and revenue recognition). • Build SORP readiness into your year-end planning cycle and allocate time for training and system updates. • Consider phased implementation where possible, starting with high-impact areas.

Preparation checklist

1. Understand the Changes

- ☐ Review the final SORP 2026 documents when published, including additional guidance
- ☐ Identify key differences from the current SORP
- ☐ Understand changes to **income recognition** and **lease accounting**

2. Assess the Impact

- ☐ Complete an internal impact assessment across finance, systems, and governance
- ☐ Identify lease agreements and assess accounting treatment under new rules
- ☐ Review income streams for classification and timing changes
- ☐ Engage with auditors to confirm interpretations

3. Update Policies and Processes

- ☐ Revise accounting policies for leases and income recognition
- ☐ Update financial reporting templates and disclosures

4. Prepare Systems and Data

- ☐ Ensure systems can accommodate new formats and data requirements
- ☐ Begin collecting any additional data needed for comparatives
- ☐ Ensure lease data is complete and accessible

5. Build Awareness and Capability

- ☐ Deliver training/share BUFDG resources with finance and reporting teams
- ☐ Communicate changes to senior leadership and governance bodies

6. Plan for Implementation

- ☐ Integrate SORP 2026 into year-end planning
- ☐ Monitor for sector updates or clarification

Subject/Title:	District Valuer Procedure
Meeting and date:	Thursday 06 November 2025 at 9.00 a.m.
Author:	Governance Officer
Date Paper Prepared:	29/10/2025
Decision, Discussion or Noting:	Discussion & AOCB
Link to Strategic Plan:	Links to all strategic objectives
Cost implications:	Yes (<i>delete as applicable</i>) If yes, please specify: Could affect future lease agreements.
Risk assessment:	Yes- (<i>delete as applicable</i>) If yes, please specify: Financial: Operational: Organisational:

Recommendation(s)

This matter had been discussed by the Board of Management on Tuesday 7th October 2025 and the Board concluded that any current and future leases should be monitored by the FGP Committee going forward.

Main body of information

The Governance Actions to Strengthen Property Transaction Oversight procedure had been shared by the Chair of the Board and recommended by the Vice Principal Curriculum, Operations and External Relations to be added to the remit of the Estates and Campus Reports.

UHI Inverness – in response An Lochran Lease

Governance Actions to Strengthen Property Transaction Oversight

	Action	Description	Owner	Timeline
1	Property Transactions Protocol	Develop and approve a protocol setting out required steps for all property leases, purchases and disposals, including mandatory District Valuer (DV) valuations for related-party or material transactions.	Director of Finance / Estates	Within 3 months
2	Valuation Checkpoint in Forward Plans	Add early “intention to lease” papers to Committee/Board forward plans to trigger DV involvement early, allowing for lead times of 6–8 weeks.	BoM Secretariat / Committee Chairs	Next committee cycle
3	Rolling Property Lease Register	Maintain and review a live register of all leases, with key dates (breaks, expiries, rent reviews) flagged 12+ months ahead to support planning.	Estates / Finance	Immediate and ongoing
4	Governance Gate for Related Parties	For any related-party transaction, make DV valuation (or evidence of market rent) a required part of the approval pack. Exceptions must be justified in the Board paper.	Board / Audit Committee	Next policy review
5	Delegation Conditions	When delegating authority to officers, include a	Board / Principal & CEO	Immediate

		condition that DV valuation must be obtained before execution. Any exceptions must be notified to the Chair and Audit Committee.		
6	Post-Transaction Review	Where valuation is not possible in advance (exceptionally), commission immediately after signing to confirm value for money and support audit. Track via Audit Committee.	Finance / Audit Committee	Immediate
7	Training & Awareness	Provide targeted briefings for Estates, Finance and senior managers on why DV valuations are essential for governance, transparency and audit assurance.	HR / Estates / Finance	Within 6 months