

Public Audit Committee
Wednesday 7 January 2026
1st Meeting, 2026 (Session 6)

The 2023/24 audit of UHI Perth

Introduction

1. At its meeting today, the Public Audit Committee will take evidence from UHI Perth, the University of the Highlands and Islands and the Scottish Funding Council on the Auditor General for Scotland's (AGS) section 22 report, [The 2023/24 audit of UHI Perth](#), which was published on 25 September 2025.
2. The Committee previously took evidence from the AGS on his report at its [meeting on 8 October 2025](#), and from the former Principal /Chief Executive, former Chair and former Vice Principal (Operations) at its [meeting on 3 December 2025](#).
3. The Committee has received the following written submissions:
 - UHI Perth, 21 November 2025 (**Annexe A**)
 - Graham Watson, 4 December 2025 (**Annexe B**)
 - UHI Perth, 4 December 2025 (**Annexe C**)
 - EIS-FELA, 15 December 2025 (**Annexe D**)
 - Iain Wishart, 15 December 2025 (**Annexe E**)
 - Scottish Funding Council, 17 December 2025 (**Annexe F**)
 - University of the Highlands and Islands, 17 December 2025 (**Annexe G**)
4. A copy of the AGS's report can be found at **Annexe H**.
5. The Committee will decide any further action it wishes to take following the evidence session today.

Clerks to the Committee
January 2026

Annexe A: Written submission from UHI Perth, 21 November 2025



21 November 2025

Richard Leonard MSP
Convener of the Public Audit Committee
Scottish Parliament
Edinburgh

Catherine Etri
Interim Principal and Chief Executive

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Dear Convener and Members

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2023/24 Audit of UHI Perth

1. Introduction

We are grateful to the Committee for allowing us to submit additional information to address some of the questions raised during your meeting of 8th October 2025. Our submission outlines some of the background to the issues that have been faced by UHI Perth over the past couple of years and the actions taken by the interim leadership since April 2025 to address them. In particular we have sought to outline key information in response to the governance and finance concerns raised in the Audit Scotland Section 22 report on the 2023/24 Audit of UHI Perth. We have also sought to provide the Committee with information about our current work on recovery and renewal to provide Members with assurance that significant progress is being made.

2. Interim leadership arrangements at UHI Perth

Following the departure of the previous Chair of the Board of Management, Graham Watson, in April 2025, former Finance Director, Gavin Stevenson, in April 2025, the former Principal & Chief Executive, Margaret Cook in May 2025, and former Depute Principal (Academic), Lorenz Cairns, in July 2025, interim leadership arrangements were established in key roles at UHI Perth as outlined below:

- Alistair Wylie was appointed as Interim Chair of the Board of Management at UHI Perth on 9th April 2025 by UHI University Court in their capacity as Regional Strategic Body (RSB). Prior to that, he had served on the UHI Perth Board as an Independent Board Member for approximately 2 years and has spent over 30 years working in education.
- Catherine Etri was appointed Interim Principal and Chief Executive by the Board of Management on 19th May 2025 and took up post on 29 May 2025. Ms Etri had taken early retirement from her previous role as Vice Principal Academic in July 2024 and has worked at UHI Perth for the last 35 years.
- Lynn Murray has served as Depute Principal (Operations) since February 2024 and following the departure of the former Principal and in the absence of the Depute Principal (Academic) temporarily led the College Management Team between 14th May 2025 and 28th May 2025 prior to Ms. Etri's appointment.
- Fiona Cameron has served as Interim Finance Director since 9th June 2025 and will remain in post until the new Chief Financial Officer takes up post to ensure stability in the finance team.
- Professor Jane Lewis, Principal of UHI Shetland provided temporary senior management cover in her capacity as UHI's Vice-Principal for Strategic Projects between 19th May 2025 and 30th May 2025 ahead of Catherine Etri taking up post.

3. Financial Oversight Arrangements

Following the implementation of the Post-16 Education (Scotland) Act 2013, UHI Perth no longer has a direct relationship with the Scottish Funding Council (SFC) and oversight now sits with the University of the Highlands & Islands (UHI) as the Regional Strategic Body (RSB). All dialogue with the SFC is required to go through the RSB and all reporting is initially made to the RSB.

Since December 2022, Alastair MacColl, the Chair of UHI University Court/RSB has attended UHI Perth Board of Management meetings as an official observer and in that capacity received copies of Board papers and minutes. Since June 2025, Liz Stewart, Independent Member of UHI University Court, has acted as the official observer from the RSB. Vicki Nairn, Principal & Vice Chancellor of UHI, is the Accountable Officer for the RSB and her powers are set out in the Post-16 Education (Scotland) Act 2013.

The RSB appoints the Chair and Members of the UHI Perth Board of Management to oversee the local governance of the college. The formal relationship between the RSB and UHI Perth, including the requirements with which the College must comply in return for payment of grant by the RSB, are laid out in a Financial Memorandum between the two parties. The Financial Memorandum also makes it a term and condition of grant from the RSB that UHI Perth complies with the requirements of the Scottish Public Finance Manual (SPFM) and sets out the special actions and derogations, which have been agreed with the Scottish Ministers.

The Depute Principal (Operations) and Interim Director of Finance attend fortnightly meetings with all the Finance Directors across the UHI Partnership, chaired by the Chief Financial Officer (CFO) of UHI/RSB where partner colleges provide updates on matters of interest and share information. There have also been several meetings with Finance Directors across the partnership on the UHI transformation project. In addition, there are regular meetings between the Depute Principal (Operations) and Interim Director of Finance of UHI Perth and the CFO and Director of Finance of the RSB, and since December 2024 a scheduled bi-monthly meetings between the Depute Principal (Operations) of UHI Perth and the CFO of the RSB.

The RSB acts as the interface between the SFC and academic partners. In June each year UHI Perth is required to submit a Financial Forecast Return (FFR) to the SFC via the RSB with forecast figures for the forthcoming academic year and the following two years while providing an estimated outturn for the current year. A Mid-Year Return (MYR) is due to be submitted to the SFC via the RSB in March each year to update on the forecasts included in the FFR. Funding is allocated to the academic partners from SFC via the RSB and the RSB require the academic partners to submit several financial returns to them during the year to allow them to monitor the financial position of the colleges.

The UHI Perth Board of Management has an Audit Committee which agrees an Audit Plan based on a three-year strategy that includes a schedule of individual internal audits for areas prioritised, based on an assessment of risk by management, the Audit Committee, and the internal auditor's observations or findings from previous reports. Henderson Loggie are currently our internal auditors. The Audit Committee reviews the strategy annually, which allows reprioritisation of audits to reflect any changes in the previous year.

Our external auditors are appointed by the Auditor General for Scotland for a five-year period, and this is currently Deloitte. Their responsibility is to independently examine the report and financial statements for the year just ended and provide an audit opinion on whether they reflect a true and fair view of UHI Perth's financial position.

4. Background to 2023/24 Audit of UHI Perth

UHI Perth is not immune to the funding challenges faced by the entire college sector which has seen a 20% real terms cut in funding since 2021/22 as outlined by Audit Scotland¹. Unfortunately, UHI Perth was not as prepared for these financial pressures as it could have been, and significant work was undertaken on financial recovery over the course of 2023/24 which saw significant numbers of staff leave the college through Voluntary Severance (VS). Management of these financial pressures and the subsequent organisational change process was given priority as the college sought to recover the financial position.

The failure to set a budget in 2023/24 then led to problems in the development of the 2024/25 budget where items were missed out due to significant changes in the Finance Team and a lack of baseline information that a previous year's budget would have provided. Capacity in the Finance Team has been an ongoing challenge in the college and external auditors identified as early as 2018 that there were insufficient staff resources in the Finance Team. While there had been additional resources allocated since then, the former Vice Principal (Operations) had identified that there was still not capacity to carry out the full remit required.

A new Depute Principal (Operations) with an expanded remit started in February 2024 and the then Vice Principal (Operations) left UHI Perth in March 2024. The new Depute Principal (Operations) raised the issue of resources with the Principal and Chairs of the Board, the Finance and Resources Committee and the Audit Committee. In June 2024 the Principal agreed that a new finance structure could be implemented that increased permanent resource by one post. In the space of nine months from December 2023, three out of four members of the Finance Team who provided accounting support had left. Due to difficulties recruiting to the posts, it took until February 2025 to have a full complement of staff and contractors were used at various points to provide capacity to provide essential functions. New staff did not have a background in the education sector, and it took longer for them to gain sector knowledge as there was a lack of documentation for handover and there was only a small number of team members with any corporate memory. The team hadn't previously been involved in all aspects of the Finance function, and this left significant gaps in knowledge. All this change in such a short period of time led to significant instability and lack of continuity within the team.

From a budget holder's perspective, there were also gaps in knowledge, as some had taken on new budgets and teams after significant numbers of colleagues left the organisation through VS. They had no historic knowledge of these budgets and did not receive the information they needed to effectively manage their budgets due to resource constraints and lack of knowledge in the Finance Team.

In addition to the resource issues, digital systems had not been sufficiently developed or integrated and there were many manual processes which led to the work of the Finance team being slow and labour intensive. The Finance Team has never had the capacity to make improvements to these underlying issues. A list of required improvements to systems, processes and procedures has been put in place and there is a focussed approach to build capacity in the Finance team to make these improvements. To support the development of digital capabilities the college has commenced discussions with other colleges to potentially share the costs and benefits collaborative work to improve and develop automated systems.

¹ https://audit.scot/uploads/2025-10/briefing_251002_scotlands_colleges_2025.pdf

5. Response to the 2023/24 Audit Findings and Financial Management Improvements

The Section 22 report highlighted the failure to formally approve a budget for 2023/24 and weaknesses in financial management. The Board and Management accept the findings and acknowledge that systems and processes required to be improved. In response and since April 2025 UHI Perth has:

- The Board undertook a retrospective review of financial oversight practices.
- A revised baseline budget for 2025/26 was approved in June 2025, subject to a Financial Recovery Plan being agreed, with full Board scrutiny.
- Documentation and minute-taking procedures were strengthened to ensure transparency and traceability of decisions.
- Improved the robustness of the budget process for 2025/26 and the Finance team has engaged extensively with budget holders to develop the budget.
- Enhanced the level of detail included in the analysis of budget variances to increase transparency.
- Introduced more regular financial reporting to the Board on forecast figures against budget after the first quarter of the 2025/26 financial year.
- Enhanced scrutiny through the Finance and Resources Committee.
- Collaborated with the RSB and SFC to build long-term financial resilience.

These measures provide the Board with more timely and accurate information to support effective decision-making and increase confidence. We acknowledge the seriousness of the findings and have taken steps to ensure they are not repeated.

6. Budget and financial forecasts

In 2024/25, the budget was prepared late due to the timescales in relation to ongoing organisational change work. At this point, only the new Director of Finance was able to work on the budget as the one other member of staff on the accounting side was dealing with other essential day-to-day financial matters. The new Director of Finance was new to the FE/HE sector, had never prepared a budget for UHI Perth before, was under pressure to put in place a budget for the October 2024 Board meeting and couldn't be directed by the previous year's budget as there hadn't been one. The Board didn't agree the draft budget in October 2024, primarily as it was in deficit, but reluctantly agreed a deficit budget in December 2024 and wrote to the RSB to express their concerns about the ongoing funding situation.

In the middle of March 2025, when preparing the half-year forecast to 31 January 2025, the Director of Finance advised the Principal and Depute Principal (Operations) that he had found a significant accounting error in the 2024/25 budget as £765k of catering costs had been missed from the budget. This was due to income and non-staff costs being budgeted independently of one another. This historic practice has now been changed.

The Depute Principal (Operations) and the then Director of Finance informed the RSB as soon as possible who in turn informed the SFC. The error was reported to the UHI Perth Finance and Resources Committee at their meeting on 19 March and then to the Board of Management on 16 April 2025 (rescheduled from 2 April). At this point the forecast deficit increased from £1.2m to £1.8m.

At the Finance and Resources Committee meeting of 19 March 2024, it was agreed to ask the Internal Auditor (Henderson Loggie) to review the Finance Team's approach to budgeting processes to ensure lessons would be learned. The scope of the internal audit was expanded to include review of processes and internal controls.

7. Financial Recovery Plan

A baseline budget was agreed by the UHI Perth Board on 30 June 2025, that showed a deficit of £2.4m in 2025/26 and forecast deficits of £3.3m in 2026/27 and £3.9m in 2027/28. The baseline budget was approved subject to a Financial Recovery Plan (FRP) being brought forward that would create a breakeven position over the three years.

The new interim Principal put in place emergency spending controls shortly after taking up post, with all spending now requiring to be authorised by her personally. The Interim Principal also established a 9-stage FRP process in June 2025, this included feedback from staff to generate income and saving ideas, an internal peer review process, independent scrutiny and challenge through a Budget Review Group that included external stakeholders. This process was positively supported by staff who submitted 89 individual suggestions and 100% of college teams making suggestions – with many of these forming the basis for the proposals in the FRP.

An independent financial consultant was engaged by the RSB to support the college in the development of the FRP and following data analysis advised that the college should pursue a significant reduction in staff particularly in professional services to address the deficit position. The Interim Principal and Board were keen to avoid large scale redundancies and to protect staff at all costs and sought to find non-staff savings wherever possible and undertook a line-by-line review of all budgets.

Prior to approval by the UHI Perth Board, the FRP was submitted for independent scrutiny to the college's internal auditors, Henderson Loggie. Following this independent review, the Board approved the FRP on 27 August 2025 and submitted it to the RSB on 2 September 2025 for approval and for submission to the SFC.

The FRP includes proposals to increase income and reduce spending to create a break-even position over a three-year period. The Board established a Recovery Plan Monitoring Committee, to oversee the progress and delivery of the FRP. The FRP is on track and a number of income targets/savings have already been delivered.

8. Cashflow and Liquidity Support Requests

One of the concerns expressed in the Section 22 report by the Auditor General was the request for additional liquidity support during 2024/25. We have provided the background to this below:

In October 2024 UHI Perth asked the SFC for liquidity support of £0.5m via the RSB and another £1.0m in November 2024. This support was required due to a combination of factors including a deficit being realised in 2023/24, three-year backdated pay awards for academic and support staff, one-off voluntary severance costs, and the impact of a deficit budget for 2024/25. SFC liquidity support of £0.650m was also provided in September 2024, UHI Perth paid it back in January 2025.

Due to approximately 200 fewer students being recruited than targeted UHI Perth saw reduced funding of £0.800m and this had to be paid back to the SFC (clawback) via the RSB in July 2025. This was not reflected in the budget and cashflow until March 2025.

In February 2025, cashflows submitted to the RSB/SFC had showed a positive cash balance forecast of £0.650m in July 2025. However, by March 2025 this changed the forecast to a negative cashflow of £1.0m. This change of £1.650m was due primarily to the £0.765m catering error and the failure to account for the £0.800m of HE grant funding clawback. UHI Perth highlighted this to the SFC via the RSB when this became apparent.

9. Administration of Air Service Training (AST) Limited

AST was a trading subsidiary of UHI Perth and, after a sustained period of financial challenges, the administrator was appointed on 10 April 2025. Board papers cited lack of investment in AST, Perth's location away from the main air transport hubs in Scotland, financial and regulatory constraints and poor condition of facilities at the training base in Scone, as impacting factors on AST's ability to attract students.

AST delivered the Part 66 element of the BSc (Hons) Aircraft Maintenance and Engineering Management course for UHI Perth students. Following the administration of AST there was a significant risk that this core element of the course could not be delivered if an alternative provider of the Part 66 could not be sourced.

During the summer of 2025 after months of discussions and negotiations Resources Group was identified as the only company in the UK that could provide the Part 66 to UHI Perth's requirements. Resource Group's fees were higher than that budgeted for delivery by AST and the SFC was approached and agreed to provide funding for additional cost to ensure current students could continue to achieve their award.

10. Board Leadership and Governance Improvements

Following the departure of the former Chair of the Board of Management, the new Interim Chair immediately initiated a governance reset, including:

- Commissioning an urgent internal review of governance arrangements.
- Reconstituting Board committees with clearer remits.
- Introducing a revised scheme of delegation and decision-making protocols.
- Enhancing Board induction and training for new and continuing members.
- Recruited new Board Members to fill identified skills gaps.

These reforms were carried out over three-month period and were designed to strengthen accountability, clarify roles, and ensure robust oversight of institutional operations.

To improve Board effectiveness, we have:

- Delivered structured training in governance, finance, and strategic oversight.
- Introduced Board self-assessment and 360-degree feedback mechanisms.
- Clarified expectations and responsibilities for board members.
- Engaged external support to mentor and guide board development.
- Carried out a culture reset, led by the Interim Chair, which has encouraged more open dialogue and communication.

- Introduced quarterly Board Development Sessions to focus on specific topics and areas of concern e.g. financial literacy, strategic planning.

These initiatives are fostering a culture of continuous improvement and shared accountability.

The Board has also read and discussed the findings of the Gillies Report to ensure members are aware of the important findings identified in it.

11. UHI Perth Student Success and Achievement Rates

Despite our financial challenges UHI Perth remains a high performing college with both success and satisfaction rates significantly above the sector average in both FE and HE.

According to the latest published *College Student Outcomes 2023-24* report by the Scottish Funding Council, UHI Perth has achieved at least its fourth consecutive year of outperforming the national average in key performance areas. We are almost 6% above the national average for full-time further education students.

The report also highlights that across all age groups, UHI Perth students are outperforming their peers:

- Under 18: 70% (+2.8%)
- 18–20: 77% (+7%)
- 21–24: 83% (+8%)
- 25–40: 81% (+4%)
- 41 and over: 87% (+8%)

UHI Perth continues to deliver strong results across a broad range of subject areas. Out of the 14 subject groups, we outperformed the sector in 11, with notable strengths in:

- Business, Management and Administration: 79% (+14%)
- Engineering: 85% (+7%)
- Languages and ESOL: 92% (+12%)
- Special Programmes: 88% (+11%)

We remain committed to promoting equity in education, achieving particularly strong outcomes for students from disadvantaged backgrounds and underrepresented groups:

- Students from the bottom 10% most deprived areas: 71% (+4%)
- Bottom 20% deprivation: 77% (+9%)
- Students with disabilities: 72% (+4%)
- Continuing students (beyond first year): 95% (+11%)

While SFC outcomes for 2024-25 have not yet been published, UHI Perth is already reporting further increases in student success rates. Full-time FE has risen by 2.3 percentage points to 75.1%, and part-time FE has increased by 4 percentage points to 84%

As with FE, UHI Perth is outperforming the sector with regards to full-time HE, and just slightly below the sector for part-time:

Full-time HE:

- AY 2023–24: 79.8% successful outcomes, 12.9 points above the sector average
- AY 2024–25: Increased slightly to 81%

Part-time HE:

- AY 2023–24: 70.9%, 0.8 points below the sector average
- AY 2024–25: Now 75.3%, an increase of 4.4 points

2024/25 Full-Time FE Student Satisfaction

- Satisfaction Rate: 97.5% (UHI Perth) vs. 95.2% (sector)
- Response Rate: 81.7% (UHI Perth) vs. 59.6% (sector)

NSS Higher Education Results

- 2025: 88% (UHI Perth) vs. 80% (sector)
- 2024: 80% (UHI Perth) vs. 78% (sector)

UHI Perth has improved significantly year-on-year and continues to outperform the sector in NSS results.

12. Renewal and Future Direction

Rebuilding trust has been a priority for the interim leadership, and we have taken a number of steps to restore confidence including:

- Being open about the challenges faced by the college at all staff meetings and through internal communications.
- Created a Board Chair email address and encouraged staff to communicate directly and in confidence if they wish.
- Engaging with student representatives and the Highlands & Islands Students' Association (HISA) to ensure that the student voice is heard, particularly at Board and SLT level.
- Working closely with UHI and external partners on strategic priorities.
- Working closely with our auditors to continue making improvements to our finance function and maintaining an open dialogue with the RSB and through them the SFC.
- Re-established the relationship with our local authority Perth and Kinross Council on a range of matters including: providing advice during our FRP development, our future estates strategy and strengthening skills development partnership working.

The UHI Perth Board have commenced a comprehensive recruitment process to appoint a new permanent Principal & Chief Executive. The Interim Principal will remain in post until Summer 2026 to ensure continued stable leadership of the college for the remainder of the current academic year and ongoing delivery of the FRP.

We have recently appointed a new Chief Financial Officer with experience of the college sector to strengthen the finance function. Our new Depute Principal will take up post in December 2025, and our new Estates Manager started in November 2025. Filling these key roles will allow us to move from a recovery phase to a renewal phase and allow us to strengthen key areas of delivery. The Interim Principal will continue to strengthen leadership capacity across the college in the coming months and to fill identified gaps in areas required to support delivery of our FRP and our key objectives.

13. Summary

We understand the Committee's concern in these matters and hope this additional information assists the committee in their review of this matter. UHI Perth has made significant progress since April 2025 in addressing the concerns raised in the Section 22 report. The interim leadership is committed to ensuring that the Board and management lead with integrity and transparency, with a clear focus on restoring confidence in UHI Perth for our students, staff and wider stakeholders. We remain fully engaged in the process of recovery and renewal, whilst continuing to deliver the best for our community.

Yours sincerely

Alistair Wylie
Interim Chair of the Board

Catherine Etri
Interim Principal and Chief Executive

Annexe B: Written submission from Graham Watson, 4 December 2025

**Mr Richard Leonard MSP
Convenor
Public Audit Committee
Scottish Parliament**

Mr Leonard

Thank you for affording myself and colleagues the opportunity of appearing before your Committee yesterday. The robust and insightful questioning from your Committee was welcome.

At the conclusion of the Session, I agreed to share with the Committee correspondence dated 20 December 2024 with the Chair of UHI, which is now attached.

You kindly also offered the opportunity to add further to the evidence presented yesterday, and I now do this below.

In support of the high governance standards existing within the Board of UHI Perth during my time as Chair, I referred in evidence yesterday to the independent external review into Board effectiveness conducted by CDN. Please find attached a copy of the final draft report (dated July 2024) from CDN. (I apologise that I do not have a copy of the report as issued to confirm the undernoted extract, but this can be obtained from the CDN author noted on the cover page of the Report or from the Secretary to the UHI Perth Board as necessary.) In the Executive Summary on page 4 of the Report it is stated that -

"This is a committed and strategic board which benefits from strong leadership from a skilled and experienced Chair.

It is clear that the quality of the student experience is at the core of board discussions and decision making.

The UHI Perth Strategy 2022-27 sets out the College Vision and Strategic Objectives which are underpinned by strategic KPIs. There is a robust performance management framework in place and a clear line of sight between the strategic objectives and the KPIs which are monitored by the board and the sub committees.

The board and the committees are supported by a skilled and experienced Principal and executive team and a highly competent Governance Professional.

Board members have an excellent range of skills and experience."

In your Committee's questioning much was rightly made of the lack of a Board approved 'budget' in 2023/24. While I am sure that Audit Scotland will be able to confirm that the lack of a 'budget' was an anomaly for UHI Perth in 2023/24, it is important that the Committee is fully aware of the circumstances around this highly

unusual situation. As was presented in evidence yesterday, throughout the period under review, UHI Perth was focused on taking all necessary action to present a *break-even budget* given the cash challenges that surrounded the organisation and that were known by the Board, by UHI and by the SFC.

In the Board's view, it would have been neither prudent nor good governance practice to agree a deficit budget when there was no certainty of how the deficit would be funded, and no tangible offers of long term financial support from either UHI or the SFC to mitigate the forecast cash shortfall. Instead, given the position faced by the Board, the responsible decision was to require management to present a break-even budget with credible plans on how the forecast cash shortfall would be mitigated and how the Board could eventually sign off on a set of accounts that presented UHI Perth as a going concern.

The attached (already public) [Meeting pack](#) for the UHI Perth Strategic Development Committee (a formally constituted Committee of the Board of Management) held on 22 May 2024, shows clearly the extent of work and consultation being undertaken to ensure that a break even budget could be delivered. (See Paper 2 contained within the Meeting pack, beginning on page 6 of 77). On page 12 of 77 of the Meeting pack it is stated that the *"board instructed the SLT to return the college to a break-even position by 31 July 2025. To balance UHI Perth's budget and make sure that the funding we receive covers all our costs we must increase our income or reduce our costs by £4m by 31 July 2025."*

However, as my (20 December 2024) letter to the Chair of UHI makes clear, although in pursuit of a break-even budget position, UHI Perth had implemented staff efficiency savings of c£3.5m (a reduction of 19% of the UHI Perth workforce) over the preceding two years in an effort to ensure the financial sustainability of the organisation, in December 2024 UHI Perth was still in position where it would have a deficit budget for 2024/25, with further deficits forecast in the following two years. The fact that without material additional long term funding support, UHI Perth would eventually run out of cash illustrates the inherent weakness in the UHI model and the funding arrangements with the SFC.

Following my resignation as Chair of UHI Perth on 3 April 2025, I wrote to Lorna Jack (at the time co-chair of the SFC) advising her of my resignation and stating that the *"failure of UHI to offer constructive advice following my letter of 20 December 2024 to the chair of the UHI Court (copied to your predecessor) was particularly disappointing as a precursor to recent events. I wonder if it is mere coincidence that the chairs of the two largest colleges in the UHI partnership have resigned in the past six months?"*

I hope that the evidence presented reassures your Committee of the diligence applied by the UHI Perth Board, both during and beyond the period reported on by Audit Scotland, to break even, and that it also encourages you to investigate further the investment of public funds in UHI and the shortcomings inherent in the current model.

If you have any further questions, then of course I would be pleased to endeavour to assist you and your Committee colleagues.

I would be most grateful if receipt of this additional evidence could be acknowledged.

Thank you.

Graham Watson
Former Chair
Board of Management
UHI Perth

Mr Alastair MacColl
Chair
UHI, as the Regional Strategic Body for UHI Perth
UHI House
Old Perth Road
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IV2 3JH

20 December 2024

Dear Alastair,

Further to the UHI Perth Board Meeting held on 18 December 2024 which you attended as an Observer, I wanted to confirm the Board's position on its forward financial outlook.

While UHI Perth remains an active participant in ongoing discussions around the restructuring of the UHI model, at this stage the Board has formed no firm view on the nature of any restructuring that might be in the best interests of UHI Perth students and staff. Additionally, any credible and sustainable restructuring of the UHI model will require considerable new Scottish Government funding and will take time to implement. Accordingly, as a responsible and independent Board of charity trustees, in reviewing our forward financial outlook we must deal with the relative certainty of the status quo as the most likely position through until 31 July 2027.

At the meeting on 18 December, the Board finally approved a deficit 2024/25 budget of £1.288m, (which, subject to resolving one matter with UHI, would increase to £1.388m), with indicative projected deficits of £768k and £1.229m in 2025/26 and 2026/27 respectively. While the current outlook for the remainder of 2024/25 suggests trading within the approved budget, there are multiple downside risks that could impact the remainder of this financial year and the two outer years.

Over the last two years, the Board and Senior Leadership Team (SLT) of UHI Perth have made staff efficiency savings of c£3.5m to ensure the financial sustainability of the organisation. This has meant a reduction of 19% of our workforce (i.e. over 100 people and 74 FTE), resulting in a severe impact on our staff, students, community, the morale around campus and our internal and external reputation. Despite these measures, we are still in a position where we have a deficit budget for 2024/25, with further deficits forecast in the following two years.

The Board has therefore instructed the SLT to develop a long-term Recovery Plan by the end of February 2025. This Plan will look afresh at all aspects of the business, both income and costs, to identify areas where additional income can be generated, or where costs can be reduced further without impacting the revenue generating ability of the College.

For example, in the absence currently of any willingness on the part of UHI to mitigate the present level of 'top slice' retained by UHI Executive Office (EO) from UHI Perth HE and FE income (£4.26m and £476k respectively in the current year), the SLT will be considering whether or not there is a business case to retain the current level of HE provision at UHI Perth. As you are aware, the Board considers that the current level of top slice does not represent value for money for the services and benefits UHI Perth requires from EO, and that it is materially contributing to the financial difficulties of the College.

The Board also remains supportive of the work the Principal of UHI Perth is doing in leading the UHI wide efforts to accelerate shared services across the partnership, and assumptions around this work will form an integral part of the Recovery Plan.

The cash position of UHI Perth has been supported recently by £1.5m of long-term, interest free, liquidity funding from the Scottish Funding Council (SFC). It is unlikely that any of the substantive recommendations to be contained in the Recovery Plan will provide a 'quick fix' to the continued deficits currently projected, especially given the scale of risk surrounding the budget and outer two-year projections.

Accordingly, in the view of the UHI Perth Board, it is inevitable that UHI Perth will require some form of additional short to medium term support from the SFC to remain solvent and a going concern.

To complete the Recovery Plan, the Board therefore requests that the Regional Strategic Body (RSB) urgently seeks direction from the SFC on support options for UHI Perth.

The Board has identified the following support options for SFC to consider (either individually, or as a package of measures):

- Instruct that UHI Perth makes compulsory redundancies to balance the budget.
- Rather than instruct compulsory redundancies, lend more to cover the deficits.
- Instruct that UHI Perth makes a lower level of compulsory redundancies and lend a lower amount to cover the deficits.
- Require that the RSB reduces the UHI Perth top-slice retained by EO.

The Board of UHI and the SLT are clear that they are strongly against making compulsory redundancies. To remove this level of staff, on top of the cuts that have already been made, would have a catastrophic impact on the students that UHI Perth serves and the staff working within the College, as well as the wider community and our reputation, which in turn affects our ability to attract student numbers in a highly competitive market.

Accordingly, the Board requests early guidance from the SFC, via the RSB, on the alternative options of further lending to UHI Perth and/or top slice reduction, to ensure that UHI Perth remains solvent and a going concern.

Yours sincerely,

Graham F Watson
Chair

cc Dr Mike Cantlay OBE, Chair, SFC

Strategic Development Committee

Agenda

Meeting reference: Strategic Development 2023-24/04

Date: Wednesday 22 May 2024 at 5.00pm

Location: Boardroom (Brahan Room 019)

Purpose: Scheduled meeting

*Denotes items for discussion/approval.

Members should contact the Clerk in advance of the meeting if they wish to request an item be starred.

	Agenda Items	Author	Led by	Paper
1	Welcome and Apologies		Chair	
2	Additions to the Agenda		Chair	
3	Declaration of Interest in any Agenda Item		Chair	
4	Minutes of the meeting of Strategic Development Committee held on 07 March 2024		Chair	Paper 1
5	Actions arising from previous minutes		Chair	
6	Items for Discussion			
*6.1	UHI Perth Financial Sustainability Proposals	Principal	Principal	Paper 2
*6.2	UHI Perth Financial Sustainability Project – Workstream 5 (Commercial)	Principal/ Workstream Lead	Principal/ Workstream Lead	Paper 3
*6.3	Balanced Scorecard/KPI Review	Depute Principal	Depute Principal	Paper 4
7	Date and time of next meeting: <ul style="list-style-type: none">Thursday 12 September 2024 (tbc)		Clerk	
8	Review of Meeting (Committee to review Terms of Reference, and to ensure all competent business has been covered)		Clerk	Paper 5

Strategic Development Committee

DRAFT Minutes

Meeting reference: SDC 2023-24/03

Date: Thursday 07 March 2023

Location: Boardroom (Braham Room 019)

Members present: Jenny Hamilton, Board Member (Chair)
Michael Buchanan, Board Member
Elaine Piggot, Board Member
Derek Waugh, Board Member
Margaret Cook, Principal & Chief Executive
John Dare, Staff Board Member
Rebecca Bond, Student Board Member

In attendance: Graham Watson, Chair of Board (Item 9 only)
Jenni Harrison, Board Member (Item 9 only)
Lorenz Cairns, Depute Principal
Lynn Murray, Depute Principal (Operations)
Catherine Etri, Vice Principal (Academic)
Iain Wishart, Vice Principal (Operations)
Ian McCartney, Clerk to the Board

Apologies: John Dare, Staff Board Member
Rebecca Bond, Student Board Member

Chair: Jenny Hamilton

Minute Taker: Ian McCartney

Quorum: 3

Minutes:

Item		Action
1.	Welcome and Apologies Chair welcomed all present to the meeting, and noted apologies.	
2.	Additions to the Agenda There were no additions to the Agenda.	
3.	Declaration of Interest in any Agenda Item There were no declarations of interest.	

4.	<p>Minutes of Meeting held on 23 November 2023</p> <p>The minutes were agreed as being an accurate record of the meeting.</p>	
5.	<p>Matters Arising from Previous Minutes</p> <p>Board Member queried current status of Strategic Plan as there had been statements made at the previous meeting around the need to review the Plan arising from the Sustainability Workstreams.</p> <p>Depute Principal advised that the Sustainability Workstreams may prompt a review of KPIs to ensure they remain pertinent, there are no expectations that the Strategic Plan itself will be fundamentally change and therefore require Board approval.</p> <p>Chair noted the prevalent use of acronyms in papers and minutes and asked that these be addressed. Vice Principal (Operations) noted that they were in possession of a glossary, which could be circulated.</p>	Vice Principal (Operations)
6	<p>Items for Discussion</p>	
6.1 & 6.2	<p>UHI Perth Sustainability Workstreams UHI Strategic Plan 2030</p> <p>Vice Principal (External) noted Papers 2 & 3, which were taken as read, before floor was opened to Committee for discussion.</p> <p>Chair advised that purpose of this item was for the provision of assurance to Board that the project was on track, whilst it was known that proposals would not be forthcoming until the end of March and beyond.</p> <p>Board Member queried how this work related to similar project at UHI, and whether there was any overlapping of resources.</p> <p>Vice Principal (External) noted that the primary focus of the UHI Perth project was on financial sustainability. It was, however, recognised that the UHI 2030 plan does have some impact locally, for example staff changes within UHI Executive Office (EO) that haven't been shared that may have knock-on effects. Where possible, UHI Perth were looking to pre-empt EO impacts with a view to having local proposals ready for mid-April, which will highlight the capacity and expertise that UHI Perth can contribute to the partnership's recommendations.</p>	

Board Member advised that there was a need to recognise the demands on resource requirements that would arise from contributing to both projects. Principal agreed and had already raised concerns with the Chair of the Board in this regard. There is a need to consider both capability and capacity together when putting proposals together, as well as to consider where benefits to Perth students are when looking at involvement in UHI 2030.

Board Member queried whether there had been any conversation with EO around backfilling arrangements. Vice Principal (External) advised that there was no full clarity on methodology that UHI are using in the Business Case being made to Scottish Funding Council (SFC); once known, there may need to be a realignment.

Chair advised that cohesiveness around various local/regional strategies and sectoral developments is an issue as there are risks that decisions made locally aren't able to be taken forward due to variance with the rest of the Partnership. Principal noted that UHI Moray dropping Fine Arts provision was an example here as this may impact negatively on other Partners.

Board Member queried whether there was appropriate recruitment strategy alignment with the projects. Principal noted that all vacancies are taken on their own merit, however discussions are due to take place around clarifying the criteria for decision-making in this area. Principal further noted that, while there is no overall recruitment freeze, most roles now being advertised are fixed-term.

Board Member asked whether EO were being asked to plug specific gaps. Principal advised that this was not being discussed as yet, however UHI Perth was due to receive a catalogue of services being provided by EO, albeit with the assumptions that all single services will be run from EO is being challenged.

Board Member noted that the UHI 2030 Strategic Plan had been signed off by UHI Court and looks to be read as an umbrella document that Academic Partners would need to align with, therefore there is a need to demonstrate how this will happen as well as recognising local priorities. Principal argued that the UHI Strategy came first; whilst UHI may well see this in hierarchical terms, local Boards need to sign off on the UHI Business Case prior to the end of May, and while consultants have been brought in to support delivery within those timescales, there remains the possibility that Academic Partners may decide that the Outline Business Case would

need to be changed, therefore there it would be difficult to deliver on the UHI Strategic Plan when this may be a moving target.

Following a query from a Board Member re backfill, Principal advised that the hope is for the Outline Business Case to be progressed to a Final Business Case, and that this will trigger some financial support for SFC, however there have been warning that SFC financial support may not be forthcoming.

Depute Principal stated that the UHI 2030 Strategy's core message was "think, plan and act" as a single institution, however the lifetime of the Strategy would seem extraordinary given most are looking at shorter rather than longer strategy periods. There is also the danger of a scattergun approach being adopted until a cohesive path for progression is agreed upon as there are currently 10 different Strategic Plans operating within UHI.

Chair noted that the Board has an obligation to protect the financial interests of UHI Perth, however there appears to be a general concern that there seems a lack of cohesiveness across the Partnership, particularly around communications, and things are happening in isolation.

Principal advised that some elements of the final UHI plans for a new operating model will need to be taken forward before there can be an agreed single governance model as, even though some Academic Partners are working together, some governance changes will require legislation, therefore the focus is on efficiencies rather than large structural changes at this stage.

Board Member noted that UHI 2030 document has some specific commitments related to outcomes and measures, including a commitment to facilitate Academic Partners in creating centres of excellence, and has the beginnings of quite a strong strategy, however doubted very much that UHI Perth's own strategy would disappear; rather this strategy would potentially become a local operational plan under a single institution, albeit with autonomy greatly reduced.

Chair noted that the UHI 2030 document reads like an HE-focused Plan, with scant mention of FE, and has concerns in this regard. Principal advised that, in addition to the Plan, FE is not currently noted on the website, even though UHI act as Regional Strategic Body for FE Colleges within the Partnership.

Discussion concluded.

Committee Cover Sheet

Paper No. 2

Name of Committee	Strategic Development Committee
Subject	UHI Perth Financial Sustainability Proposals
Date of Committee meeting	22/05/2024
Author	Senior Management Team, UHI Perth
Date paper prepared	24/04/2024
Executive Summary Please provide a concise summary of the Paper outlining the purpose, impact and recommended future actions if approved	Paper provides detail of the consultation paper provided following the review stage of the UHI Perth Financial Sustainability project, with a detailed focus on Workstream 1 (Academic re-organisation) and Workstream 2 (Professional Services re-organisation). More detailed proposals on Workstreams 3, 4 and 5 will follow in due course.
Committee Consultation Please note which Committees this paper has previously been tabled at, and a brief summary of the outcomes/actions arising from this.	Paper is currently being used as the basis for ongoing Consultation talks with trade unions and staff.
Action requested	<input checked="" type="checkbox"/> For information <input type="checkbox"/> For discussion <input type="checkbox"/> For endorsement <input type="checkbox"/> For approval <input type="checkbox"/> Recommended with guidance (please provide further information, below)
Strategic Impact Please highlight how the paper links to the Strategic Objectives of UHI Perth or the UHI Partnership: Strategic-Plan-2022-27.pdf If there is no direct link to Strategic Objectives, please provide a justification for inclusion	Core to delivery of financial sustainability

Committee Cover Sheet

<p>of this paper to the nominated Committee.</p>	
<p>Resource implications</p> <p>Does this activity/proposal require the use of College resources to implement?</p> <p>If yes, please provide details.</p>	<p>Yes</p> <p>There are resource implications in the delivery of these proposal, including VS payments, which are detailed within the paper.</p>
<p>Risk implications</p> <p>Does this activity/proposal come with any associated risk to UHI Perth, or mitigate against existing risk?</p> <p>If yes, please provide details.</p>	<p>Yes</p> <p>Failure to deliver savings presents significant risk</p>
<p>Equality & Diversity</p> <p>Does this activity/proposal require an Equality Impact Assessment?</p> <p>If yes, please provide details.</p>	<p>Yes</p> <p>EQIAs have been prepared for key areas affected by the proposals</p>
<p>Data Protection</p> <p>Does this activity/proposal require a Data Protection Impact Assessment?</p> <p>If yes, please provide details.</p>	<p>No</p> <p>Click or tap here to enter text.</p>
<p>Island communities</p> <p>Does this activity/proposal have an effect on an island community which is significantly different from its effect on other communities (including other island communities)?</p>	<p>No</p> <p>If yes, please give details:</p> <p>Click or tap here to enter text.</p>

Committee Cover Sheet

<p>Status (ie confidential or non-confidential)</p>	<p>Confidential</p> <p>If a paper needs to remain confidential for a prescribed period of time before being made 'open', please advise how long must the paper be withheld:</p> <p>Paper remains confidential while Consultation process is ongoing.</p>
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Freedom of Information

Please note that **ALL** papers will be included within 'open' business unless a justifiable reason can be provided.

Please select a justification from the list, below:

Its disclosure would substantially prejudice a programme of research	<input type="checkbox"/>	Its disclosure would substantially prejudice the effective conduct of public affairs	<input type="checkbox"/>
Its disclosure would substantially prejudice the commercial interests of any person or organisation	<input checked="" type="checkbox"/>	Its disclosure would constitute a breach of confidence actionable in court	<input type="checkbox"/>
Its disclosure would constitute a breach of the Data Protection Act	<input type="checkbox"/>	Other [please give further details] Click or tap here to enter text.	<input type="checkbox"/>

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

CONFIDENTIAL

UHI Perth

Information & Consultation Pack

Financial Sustainability project

24 April 2024

Staff Copy

CONTENTS

- 1. Introduction and financial position**
- 2. Management Structure – for information**
- 3. Proposals for change**
- 4. Who is affected.**
- 5. Proposed appointments process**
- 6. Voluntary Severance**
- 7. What happens next – timescales.**
- 8. Your feedback**
- 9. Contact details and sources of further information.**

APPENDICES

- 1. Programme Leadership Additional Information**
- 2. Module Leadership Additional Information**
- 3. Schools College Programmes partially removed**
- 4. Horticulture programmes removed**
- 5. Unviable FE programmes removed**
- 6. Unviable HE programmes (including post-graduate programmes) removed**

1. Introduction and financial position

The Board is responsible for the overall functioning and strategic direction of the college. It is responsible for ensuring the effective management of the College and for planning its future development. It's responsibility also extends to monitoring performance against the targets set in the College's strategic plan including finance.

The financial sustainability of the whole of the College sector in Scotland has come under significant pressure in recent years, resulting in the majority of colleges requiring to implement savings proposals. UHI Perth is also experiencing financial challenges, which include:

- **Reduced funding from Scottish Government** – funding has not increased for several years (referred to as flat cash) and the Scottish Government (SG) has recently stated that Higher Education (HE) funding will reduce by a further 4.8%. We do not yet know UHI Perth's funding allocation from UHI Executive Office.
- **Reduction in FE Credits and HE full time equivalent numbers** – this is linked to the funding. Last year the number of FE credits were reduced nationally by 10%. The Scottish Funding Council (SFC) indicated in March 2024 that Colleges will require to deliver the same credit values with less funding. The figures for 2024/25 have not yet been released by SFC for HE. Based on the last two financial years, the level of clawback for UHI Perth was approximately £1m each year.
- **Increasing costs** – staff costs and costs for goods, services, energy costs, investment in ICT and estates maintenance and repairs are all increasing due to inflation. Staff costs account for over 80% of the funding we receive. The pay award, which has yet to be agreed, will cost UHI Perth approx. £1m for 2022/23 and an extra £750k for each of 2023/24 and 2024/25 (total of £2.5m for three years). There will be no extra funding from SG to cover any of these costs.
- **Increased Pension Contributions** - Teacher's pension (SPPA) contributions increased from 23% to 26.1%, which are partly offset by a reduction in the LGPS contribution from 17% to 15.7%. We are unclear at this stage whether any pension cost increases will be covered by SG.
- **Deterioration of the College estate** – we receive SFC funding of £750k a year for repair and maintenance of the College estate. From that we need to pay an estimated £2.4m over a five-year period just to keep our buildings wind and watertight. We also have other costs such as equipment, servicing, professional fees and labour costs on an estate which is deteriorating and is costing more to maintain as it gets older.

- **Increasing needs of students** – we need to focus funding on the increasing mental health and support needs of students, balancing digital learning and practical skills and keeping pace with growing technology needed to prepare students for the world of work.
- **UHI 2030 strategy** – there is uncertainty over what this strategy will mean for Perth and there's a risk that staffing reductions may impact on expertise in the UHI context. Shared and common services are likely to be part of the initial work.
- **Implications of UK visas and immigration policy (UKVI)/UKVI changes and the UHI international recruitment process** – there is increasing competition to attract international students on campus, which impacts on our income. Factors such as foreign currency collapses abroad can have a huge impact on the number of students coming to the UK and to Perth as well as turnaround times for applications and restrictions on higher risk countries. As a result, our international partnerships have focussed on delivering UHI qualifications in overseas markets and this is an area of growth where investment will enable us to generate more of this activity.
- **Proposed investment to generate surpluses** – investment in international opportunities and other profitable activities will be assessed where we will choose to spend money to generate profit in the face of reducing costs elsewhere.
- **Continuous Improvement** – Areas for improvements have been identified by staff across a number of areas of UHI Perth, particularly in relation to streamlining our processes and implementing improved ways of working. Investment in this area will allow us to create sustainable efficiencies for our ongoing sustainability.

The board instructed the SLT to return the college to a break-even position by 31 July 2025.

Balancing the budget

To balance UHI Perth's budget and make sure that the funding we receive covers all our costs we must increase our income or reduce our costs by £4m by 31 July 2025.

The Perth Leadership Group has spent the last three months or so considering how we can address these challenges across five workstreams and have reflected feedback from the wider staff group. SLT has agreed to propose a range of initiatives to realign how we work to achieve efficiencies, reduce costs and increase income.

As a result, the proposals have identified just over £4m comprised of approximately £3m staff costs and £1m from reduction of non-staff costs and net increased income. This does not include the one-off costs of voluntary severance, which will vary depending on individuals choosing to take voluntary severance and are estimated to be in excess of £1m.

Perth Leadership Group Task

The Perth Leadership Group (PLG) was tasked to develop /create a set of recommendations to address the need to balance the budget. These recommendations would be presented to the Senior Leadership Team (SLT) for their evaluation. Subsequently, the approved recommendations would serve as the foundation for a proposal document. This document would then be shared for collective consultation with the Trade Unions.

In developing these recommendations, PLG considered

- The Team Reviews and follow up meetings conducted by the Senior Leadership Team (SLT)
- Feedback on potential efficiencies identified by Staff through open staff meetings/via the suggestions drop box.
- The self-evaluation documents completed by teams.
- Used an evidence-based approach to achieve the required savings.
- Aimed to deliver the savings required to achieve a balanced budget by 31 July 2025

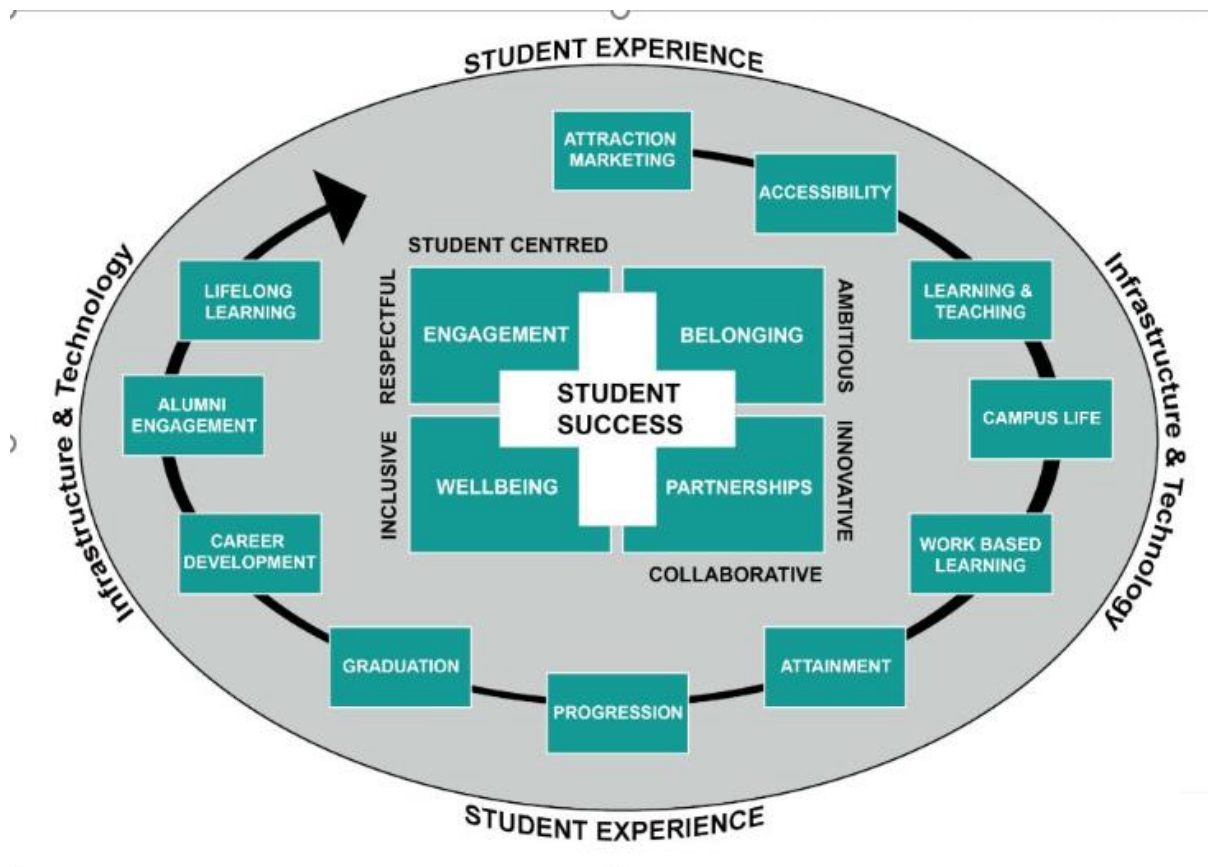
The Operating Principles by which this work was undertaken were:

- Retain excellence and minimise impacts in our student experience while achieving financial sustainability.
- Develop short, medium, and long-term efficiencies/opportunities.
- Cost reductions balanced with investment to generate future surpluses.
- Engagement with staff, students, UHI and external stakeholders
- Ensure alignment within UHI Partnership and the UHI 2030 Strategy

The workstreams that were created were as follows.

- Visioning Workstream – Programme Lead, Veronica Lynch
- Workstream 1 – Academic Reorganisation, Chair – Nicky Inglis
- Workstream 2 – Professional Services Reorganisation, Chair –Deborah Lally
- Workstream 3 – Estates, Chair – Gavin Whigham
- Workstream 4 – Continuous Improvement, Chair – Jill Martin
- Workstream 5 – Additional Profitable Income Generation, Chair – Jill Elder

A student experience vision was created which outlines our commitment for student success and how we plan to deliver an excellent student experience.



With our measures for success being.

- Student Achievement
- Student Satisfaction
- Student Retention
- Student Progression
- Sustainability (Financial, Environmental, Resilient)
- Culture of Ownership – we deliver on our promises.

The expectations/outlines of each workstream is outlined below.

Workstream 1 – Academic Re-organisation

- Ensuring both our curriculum and commercial offerings are effectively and efficiently delivered and resourced, dynamic and of high quality, having entry, exit and progression routes into employment or higher-level studies, at all levels.

- Ensuring our students are more engaged in their learning, teaching and research journey and are more successful in their studies and future progression.
- Alignment with UHI Perth Strategy 2022-2027, UHI Strategic Plan 2030 and Regional Skills Needs
- Building and improving on our success/es to date in a transformative, inclusive, innovative and sector leading ethos and philosophy
- Creating a sustainable and inspiring education and training for students of all ages and abilities
- Adapt, flex and change to meet the evolving needs of our students, staff and stakeholders with a strategy which will be responsive to economic shrinkage/ growth and societal change.
- To drive for co-created, co-designed and co-delivered education, training and research, enhanced by our unique landscape through "true" and strategic partnerships.
- Savings need to be made in the backdrop of a challenging economic period to ensure UHI and UHI Perth's sustainability.

Workstream 2 – Professional Services Re-organisation

Workstream 2 has a focus on:

- What we currently do including what is desirable / essential.
- How do we currently do it.
- How can we do it differently.

Creating synergy:

- Dependencies on other workstreams.
- How do we work together now and how can this change in the future.
- Taking cognisance of changes at UHI EO and the potential pressures on our own Professional Services.

Workstream 3 – Estates Workstream

- Improved utilisation of estates facilities and resources
- Modernise for the future - creating a long-term plan for UHI Perth campus.
- Increase sustainability of campus – route to net zero
- Create a modern, comfortable and usable learning space for our students.

Workstream 4 – Continuous Improvement

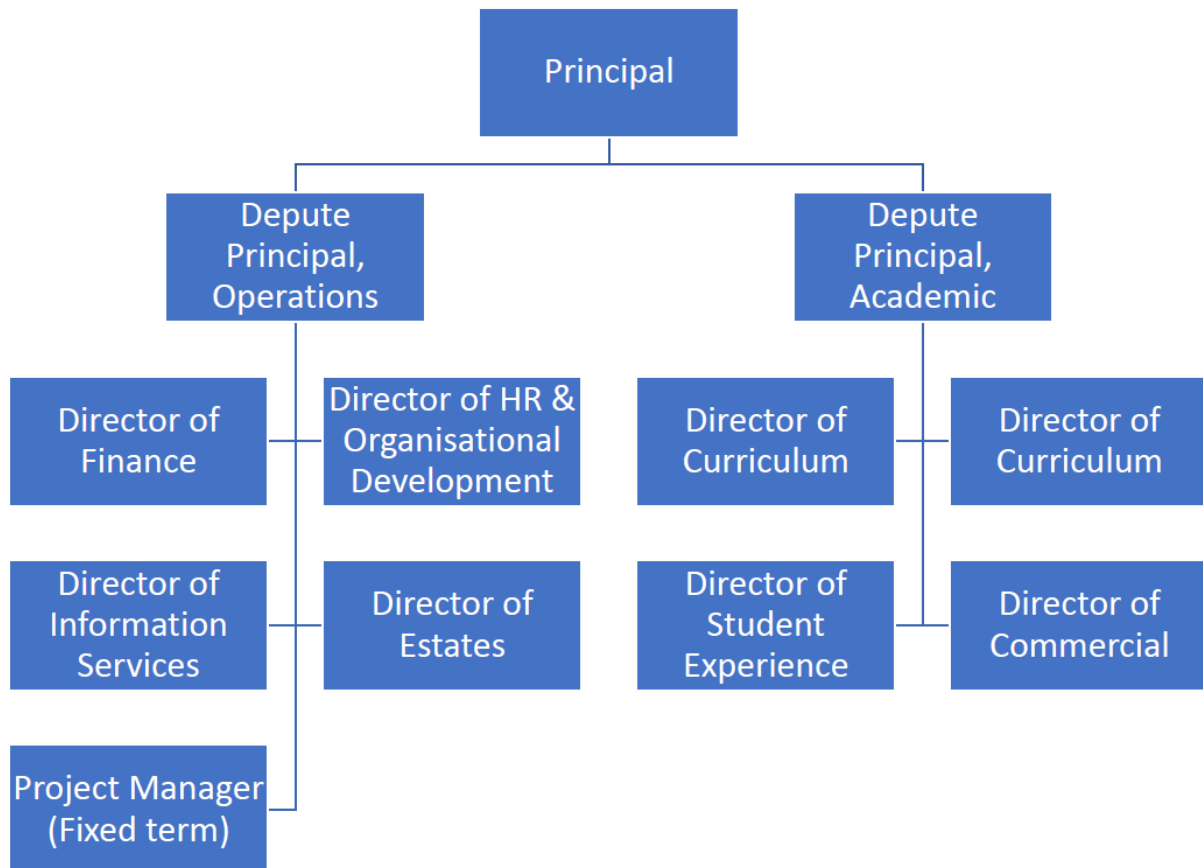
- Creating a Culture of Continuous Improvement through the iterative process of making small incremental positive changes that add up to significant results.
- Focus on people, processes and technology.
- Benefiting from Employees' Ideas.
- Leadership Support.
- Applying Incremental Changes.
- Using Data-Driven Methods.

Workstream 5 – Additional Profitability Income Streams

- This workstream is systematically reviewing aspects of our college business which sits outside of our core funded income to ensure we are maximising opportunities for profitable commercial/income generating activity and/or minimising costs to the overall business.
- Key focus on financial position of ASW, International, Business Engagement, Nursery and Residences whilst measuring relevant impact on student experience.
- Develop a commercial strategy for UHI Perth in line with the UHI Perth Strategy.
- Identify other potential viable income streams and develop a model to assess viability to progress.

2. Management Structure – for information

Out of scope of this consultation process is the ongoing consultation on the Senior Leadership Team and Perth Leadership Group Structure, the current proposed structure which sees a proposal of a SLT of 3, and then a permanent PLG of 11 (including SLT) which is set out below:



This proposed structure sees a reduction in the SLT of 40% and a reduction in the number of PLG members (excluding SLT) of 33% and any changes to this proposal and details of which areas sit under each PLG member will be confirmed as this consultation concludes.

3. Proposals for change

From the workstream work undertaken by PLG, most recommendations were accepted by the SLT. The following are some of the recommendations which are **out of scope of this consultation** process but key for staff awareness.

- UHI Perth will only open for **one evening a week** (specific date to be agreed) and the evening it is open the College will close at 9pm (previously 9.30pm)
- It is proposed that the Centre for Mountain Studies moves to UHI management – this is currently being investigated and would be subject to a separate consultation process (TUPE).
- Research remission is removed from UHI Perth staff and a scholarship model be adopted for academic staff to undertake in non-teaching weeks for HE academic staff – this is for information only and not for consultation.
- It is proposed that the Goodlyburn building will be closed within three years, this is subject to further review.

The recommendations which have been accepted by the SLT and are brought forward as proposals for consideration during the collective consultation process are set out below. Please note that workstreams 3 and 4 generated a significant number of recommendations, however they are not subject to this consultation process but will be taken forward as appropriate.

Workstream 1 – Academic re-organisation proposals

1. The remission for Programme Leadership will be adjusted based on UHI guidelines (refer to appendix 1). This adjustment is anticipated to result in a reduction of 1.12 full-time equivalent (FTE) Academic Staff. The change is scheduled to be implemented at the conclusion of the 2023/24 academic year.
2. The remission for Module Leader will be adjusted following UHI guidelines (refer to appendix 2). This adjustment is anticipated to result in a reduction of 6.89 full-time equivalent (FTE) Academic Staff. The change is scheduled to be implemented at the conclusion of the 2023/24 academic year.
3. The additional hour of FE PAT, introduced by UHI Perth for the 2022/2023 and 2023/24 academic years, will be removed. This change is anticipated to result in a reduction of 2.69 full-time equivalent (FTE) Academic Staff. The change is scheduled to take effect at the conclusion of the 2023/24 academic year.
4. The vacant FE PAT Lead Coordinator role will not be replaced – this is for information only.

5. Removal of Lecturer – Study Skills roles. It is expected that this change will give a reduction of 2.0 fte of Academic Staff, this change to be implemented at the conclusion of the 2023/24 academic year.
6. Removal of the Higher Education Personal Academic Tutor (HE PAT) role, currently performed by academic staff, and establishing a new professional services role (Learning Support Practitioner) to handle its administrative aspects. This change is anticipated to result in a reduction of 6.3 full-time equivalent (FTE) Academic Staff. The implementation is scheduled for the conclusion of the 2023/24 academic year.
7. Removal of programmes from the Schools College Partnership (see Appendix 3). It is expected that this change will give a reduction of 4.25 fte of Academic Staff, this change to be implemented at the conclusion of the 2023/24 academic year.
8. The line manager of the Schools College Programme Coordinator will change line management (to be confirmed).
9. Removal of the Horticulture programmes (see Appendix 4). It is expected that this change will give a reduction of 1.41 fte of Academic Staff, this change to be implemented at the conclusion of the 2023/24 academic year.
10. Removal of unviable FE programmes from the portfolio (see Appendix 5). It is expected that this change will give a reduction of 2.1 fte of Academic Staff, this change to be implemented at the conclusion of the 2023/24 academic year.
11. Removal of unviable HE and post-graduate programmes (see Appendix 6). It is expected that this change will give a reduction of 1.32 fte of Academic Staff, this change to take run out over the 2024/25 academic year.
12. A new Learning Hub will be established, and the Learning Mentors will transition to be line managed within the Student Experience department. They will operate within the Learning Hub and collaborate across the Curriculum. Additional learning mentors will be recruited to support the Learning Hub and curriculum requirements.

Workstream 1 recommendations encompass some proposals which see removal of teaching remission, removal of specific courses, or specific duties that academic staff have been undertaking. Whilst in some cases the reduction in staffing is expected to be seen with specific individuals where courses or roles have been identified, in other cases (PL / ML / FE Pat duties etc), the expected reduction in FTE

is distributed among a significant number of academic staff, and so the reduction is being considered at a sector level.

Workstream 2 – Professional Services re-organisation proposals

Student Experience

13. Leisure Tutors – removal of all leisure tutors as this provision has been stopped. This change to be implemented by the conclusion of the 2023/24 academic year.
14. Admissions – The current role of Admissions and Enrolment Officer will be revised to encompass greater connection with International admission and compliance. Additionally, the Compliance Officer (in International) will work more closely and be co-located with the UHI Perth Admissions team to support this connection and ensure resource available for grown in the international student market with an Additional admissions Assistant.
15. Student Records – Review of the Examinations Officer role to include direct line management of invigilators, a second examinations officer to be added to the establishment.
16. Student Records – The funding for the role of Student Records Administrator was being funded by UHI, this money is no longer available therefore this role will be removed by the end of the 2023/24 academic year.
17. Student Experience – We will establish a new role of Student Experience Manager which will be available to the Student Records Manager and the Student Services Manager, however this will result in the removal of the role of Student Records Manager (0.97 FTE) and Student Services Manager (1.0 FTE) by the end of the 2023/24 academic year.
18. Student Services – The externally funded Mental Health Coordinator will not have their contract extended (0.93 fte) as there is no funding for this role and the postholder will revert to their substantive role.
19. Customer Services – The required number of customer services assistants / receptionists will reduce by 20 hours per week as a result of changes in evening opening hours. These adjustments are expected to be implemented by the end of the 2023/24 academic year. The customer services / receptionists job description will be reviewed to incorporate the one stop shop element and they will all be called Customer Services Assistants.

20. Learning Hub – The creation of a Learning Hub area based within the Student Experience Department will see the need an additional customer services assistant role. These adjustments are expected to be implemented by the end of the 2023/24 academic year.
21. Customer Services – Customer Services Officer – This role will be reviewed to take into account the wider responsibilities around the learning hub. – no reduction of permanent staff
22. Student Experience – The Business Systems Developer will move to be line managed by the Director of Information Services (no change to this role apart from line management). – no reduction of permanent staff
23. Quality – The Quality Officers will become part of the Student Experience Team and be managed by the Director of Student Experience (no change to this role apart from line management) – no reduction of permanent staff.
24. Estates – The Property Secretary role will be updated to include responsibilities related to sustainability and the facility management system. - no reduction of permanent staff.
25. Marketing – There is no proposed changes in this area, however the Marketing Team Leader will see a change in line manager to the Director of Commercial.
26. Curriculum Admin Team – The curriculum administrators (4.5 FTE) will be transferred to be line managed by the Directors of Curriculum. Consequently, the fixed-term contracts in this area will not be extended. However, there will be no reduction in permanent staff.
27. As a result of the change outlined in the above proposal, the role of Team Leader – Curriculum Admin Team will no longer be necessary. Therefore, this role will be removed by the end of the 2023/24 academic year.
28. Learning and Teaching Enhancement – Academic staff will be expected to ensure that their materials meet accessibility guidelines and are fit for purpose. Consequently, the roles of Material Production Assistants will no longer be necessary and the roles will be removed by the end of the 2023/24 academic year.
29. Learning and Teaching Enhancement – The Learning Technologist will see a change of line manager to the Director of Information Services

30. Learning and Teaching Enhancement – The Digital Skills Trainer will see a change of line manager to the Director of Information Services
31. ICT and Digital Transformation – Considering the continuous emphasis on sustainability and the imperative to decrease printing within UHI Perth, the demand for printing services must decline. Consequently, the Reprographics Technician role will be phased out by the end of the 2024/25 academic year, aligning with the current contract for commercial printers.
32. ICT and Digital Transformation – As technological and digital advancements progress rapidly, traditional audiovisual, ICT, and video conferencing (VC) support functions no longer suffice. There is now a necessity to integrate these functions. To facilitate this integration, all existing Media, ICT, and VC support roles (including ICT Media Team Leader, ICT AV/VC Support Officer, ICT Support Officer (Apple), and ICT Support Officers) will be phased out. In their place, a new team will be established, led by a Digital Support Team Leader, along with Digital Support Officers. This restructuring will result in an overall reduction of 2 roles within this team.
33. Library – We are transitioning from a traditional library setup to a more versatile study space called a Learning Hub that accommodates group study, online learning, and access to digital resources, alongside a limited book collection. Additionally, this facility will only operate one evening per week, with extra study space provided for students in ASW. To meet these evolving needs, the role of Library Assistant will be removed by the end of the 2023/24 academic year. Furthermore, the fixed-term contract for the Library Assistant will not be extended beyond its current end date, and the fixed-term contract for the Library and Careers Administrator will not be renewed beyond its current end date. There will be no changes to the role of the Library Advisor with the exception of line manager, who will now be the Director of Information Services.
34. Careers – Remove the role of Careers Advisors (1.0 fte) by the end of the 2023/24 academic year.
35. Human Resources and Organisational Development – The vacant HR and Organizational Development (OD) Business Partner position will not be replaced but instead two Assistant HR and OD Business Partners will be appointed which will encompass a broader range of responsibilities compared to the HR Advisor role, including elements of OD. Consequently, the roles of HR Advisor and HR Advisor (Data and Reporting) will be removed. Additionally, once the new HR system is implemented, the fixed term HR Assistant role will end. Furthermore, it is proposed to reduce the vacant OD/Equality, Diversity, and Inclusion (EDI) Advisor role from 0.8 FTE to 0.5

FTE, removing the OD component as this will be handled by the Assistant HR and OD Advisors

36. Finance – This department is out of scope of this consultation process.
37. Academic Support Roles – The role of Kitchen Operations Controller will be reviewed to encompass new areas of support associated with Textiles – no reduction of permanent staff
38. Exec Support roles – With the reduced number of Senior Managers and changes to the management of the curriculum administration team, it is recommended to reduce the number of SLT Pas (excluding the Principal's PA) by 1.0 fte and to update the remaining PA job description.
39. Exec Support roles – Remove the line management of the curriculum admin team from the PA to Principal and update the job description to reflect this.
40. Exec Support roles – Due to changing priorities it is recommended to change the role of project and planning officer and a new focus of be considered in relation to Enterprise Risk Management and internal projects.

Workstream 3 – Estates workstream proposals

41. Estates – Where permitted roles move from the staffing budget to the capital budget – no reduction of permanent staff.

Workstream 4 – Continuous Improvement proposals

42. Continuous Improvement – We propose establishing a new function for continuous improvement within the Information Services Department. This will involve creating a new position called Business Process Improvement to provide support for this initiative.

Workstream 5 – Additional Profitable Income Generation proposals

43. Academic of Sport and Wellbeing – It is proposed that we continue to offer ASW as a provision. The following changes are proposed to support this:

Changing the opening hours of ASW over the weekend to 8am – 8pm both Saturday and Sunday to meet business needs will mean that contracts of permanent staff working over the weekend will require to be reviewed specifically:

- Receptionists
- Climbing Wall Assistants

In addition, it is proposed to remove the role of Duty Manager.

Hours from bank staff will be consolidated into some salaried roles and a new role of Lead Leisure Assistant will be created.

The ASW General Manager will see a change of line manager to the Director of Commercial.

44. Nursery – The decision has been made to close the nursery at the end of the summery term in 2024. Despite price increases in the 2023/24 period, the Nursery continues to operate at a loss. It currently runs at maximum capacity based on staffing ratios. All nursery roles, including Depute Nursery Coordinator, Early Childhood Practitioner, and Early Childhood Assistant, will conclude at the end of the summer term in 2024. The Nursery Manager role will end slightly later to facilitate the closure process.

45. International – This is an identified growth areas but there are also single points of failure within the team so there will be stronger collaboration with Admissions. New roles of International Partnership Coordinator and International Partnership Officer be created to support this expansion. This function will be line managed by the Director of Commercial.

46. Business Development – This team will stay as it currently is but will move to be line managed under the Director of Commercial, their roles will be reviewed to meet the new requirements of the function.

The Senior Leadership Team strongly believes that implementing these proposed changes, complemented by the new structure of the Perth Leadership Group, will significantly contribute to UHI Perth's journey towards financial stability in the midst of a rapidly evolving market. By restructuring various departments, redistributing roles, and optimising operational processes, we aim to streamline our operations, enhance efficiency, and adapt to the changing demands of the market. Through these strategic adjustments, we are confident that UHI Perth will be better equipped to navigate the challenges ahead, ensuring not only financial resilience but also continued growth and success in fulfilling our mission of providing quality education and services to our community.

4. Who is affected

The list below outlines which staff are affected by this consultation process.

We will ensure that any staff who are absent from work on sickness, maternity leave etc. will receive the same information on the consultation process, including the relevant timescales.

During this process we will endeavour to reduce as much anxiety as possible and we are already considering measures for minimising or avoiding compulsory redundancies including:

- Staff choosing to leave the organisation and not being replaced.
- Restrictions on recruitment
- Restrictions on overtime
- Management of fixed term contracts

The posts (and thereby the current post-holders) affected by the current proposal (please note that a number of these roles are proposed to be ringfenced for vacancies that exist):

All unpromoted academic staff	All promoted academic staff	All Leisure Tutors
Admissions and Enrolment Officer	Student Records Manager	Student Services Manager
Receptionists (not ASW)	Student Records Administrator	Careers Advisor
Customer Services Assistants	Team Leader – Curriculum Admin Team	Material Production Assistants
Reprographics Technician	Library Assistant	Library and Careers Administrator
ICT Support Officer	ICT AV/VC Support Officer	ICT Media Team Leader
ICT Support Officer (Apple)	Executive Support Team PA	A/P Support - CCD
Depute Nursery Coordinator	Early Childhood Practitioner	Early Childhood Assistant
Nursery Manager	Project and Planning Officer	HR Advisor

HR Advisor (Data and Reporting)	Duty Manager (ASW)	Kitchen Operations Controller
Customer Services Officer	Exams Officer	Property Secretary

Posts available as an outcome of the initial proposal, subject to the outcome of the consultation process:

Based on the proposals the posts that may be available for the affected staff to be considered for are set out below – please note all roles could be considered on a job share and due consideration will be given to requests for reductions in hours or weeks per year and requests should be made during the application process.

This list is likely to change as unfilled roles continue to be reviewed and subject to consultation. (This table has just been reordered to make it easier to review)

Name of post	Department	Number of posts	Total Hours per week for role	Weeks per year	Indicative Grade	Ringfenced in the first instance
Admissions Assistant	Student Experience	1	17.5	52	D	No
Examinations Officer	Student Experience	2	42	52	D (subject to job evaluation)	No
Learning Mentor	Student Experience	2	70	48.37	F	No
Customer Services Assistant	Student Experience	1	35	52	B	Yes
Admissions and Compliance Team Leader	Student Experience	1	35	52	subject to job evaluation	Yes
Customer Services Officer	Student Experience	1	35	52	subject to job evaluation	Yes
Student Experience Manager	Student Experience	1	35	52	subject to job evaluation	Yes
Business Process Improvement	Information Services	1	35	52	Subject to job evaluation	No

Name of post	Department	Number of posts	Total Hours per week for role	Weeks per year	Indicative Grade	Ringfenced in the first instance
Risk Management and Project Officer	Information Services	1	35	52	G	Yes
Digital Support Officer	Information Services	3	105	52	subject to job evaluation	Yes
Digital Team Leader	Information Services	1	35	52	subject to job evaluation	Yes
Equality and Diversity Advisor	HR and OD	1	17.5	52	H	No
Assistant HR and OD Business Partner	HR and OD	2	70	52	I	Yes
Estates Helpdesk Administrator	Estates	1	35	52	subject to job evaluation	Yes
Learning Support Practitioner	Curriculum	5	157.5	52	subject to job evaluation	No
Audio Technician	Curriculum	1	35	52	subject to job evaluation	No
Food and Textiles Support Assistant	Curriculum	1	35	48.37	Subject to job evaluation	Yes
International Partnerships Officer	Commercial	1	35	52	H	No
International Partnership Coordinator	Commercial	1	35	52	subject to job evaluation	No
Receptionist (ASW)	ASW	TBC	TBC	TBC	B	No
Leisure Assistant	ASW	TBC	TBC	TBC	C	No
Fitness Instructor	ASW	TBC	TBC	TBC	D	No

Name of post	Department	Number of posts	Total Hours per week for role	Weeks per year	Indicative Grade	Ringfenced in the first instance
Climbing Wall Assistant	ASW	TBC	TBC	TBC	D	No
Lead Fitness Instructor	ASW	1	TBC	TBC	E	No
Lead Administrator (ASW)	ASW	TBC	TBC	TBC	D	Yes
Lead Leisure Assistant	ASW	1	TBC	TBC	Subject to job evaluation	Yes

5. Proposed appointments process

We are developing various methods to populate new structures during this period of change. We understand that simply placing existing staff into new roles may not always meet the requirements or align with individual capabilities, and some staff may find a full selection process daunting. Therefore, we're exploring a mix of approaches and value feedback from staff. However, certain considerations must be taken into account:

- A practical approach to filling vacant roles that provides opportunities for affected staff to be considered.
- Acknowledgment of changes in workforce numbers within proposed roles.
- Commitment to retaining employees within the organization, although this may not always be feasible.
- Application of probationary processes where appropriate.

Following the initial consultation process and considering all feedback, questions, comments, and suggestions, a final proposal will be agreed upon. The next step will involve appointing individuals to the roles within the new structure.

6. Voluntary Severance

We intend to open our enhanced voluntary severance scheme to all staff within UHI Perth. This scheme will be open from the 25 April 2024 to the 8 May 2024. If staff wish to have an informal conversation about voluntary severance prior to applying then they should contact Katy Lees, Head of HR and Organisational Development on katy.lees.perth@uhi.ac.uk .

7. What happens next – timescales

The following outline timetable sets out the provisional key dates.

Date – week commencing	What is happening during these weeks
18 April 2024	Consultation document provided confidentially to Trade Unions
23 April 2024	Formal Consultations start with Trade Union representatives
24 April 2024	Copy of consultation document issued to all staff
25 April 2024	Voluntary Severance window open
8 May 2024	Voluntary Severance window closes
24 May 2024	End of consultation process and confirm final changes in proposals and allocation/selection/appointments process
25 May onwards	Start of selection process and implementing new structure including appointments into new structure in accordance with agreed allocation and selection process
12 August 2024	New structure in place
31 July 2025	Balanced budget
<p><i>It is important to note, that these dates may vary and we will look to update staff through the formal employee representative process and also through the Frequently Asked Questions that will be published. The timescale may also be revised depending on the outcome of the consultation process</i></p>	

8. Your feedback

We are keen to get your feedback on the proposals and you can do this in several ways:

1. Provide feedback to your Trade Union representatives.
They will hold meetings where you are able to do this, or you can contact them directly.
2. Ask questions or pass on your comments through the engage email address that has been set up engage.perth@uhi.ac.uk that is monitored daily by the Head of HR and Organisational Development and the SLT.
3. The Senior Leadership Team (SLT) will thoroughly review and address all questions received. Responses may be incorporated into future iterations of frequently asked questions (FAQs), unless the question pertains to an individual staff member's personal circumstance. In such cases, the individual will receive a personalized response. However, the consultation group will be informed that an individual response has been provided. Whenever feasible, responses will be provided through the FAQ process, which will be updated at least once per week.

9. Contact details and sources of further information

All consultation questions should be sent to the PCEngage email address engage.perth@uhi.ac.uk. This mailbox will be regularly monitored so that your questions, queries or comments can be responded to as quickly as possible.

As outlined above specific questions can be raised through this email address or through your employee representatives.

There will be regular updates to frequently asked questions and updates on PerthHub [UHI Perth Financial Sustainability Project 2024 \(sharepoint.com\)](https://sharepoint.com)

Please remember that the initial consultation period ends on the 24 May 2024 so please get your feedback or questions to us before then.

Appendix 1 – Programme Leadership Additional information

1. Remission should be provided for programme leaders for undergraduate and postgraduate degree programmes, and *networked* HN programmes which involve two or more academic partners only.

The clustering of degree programmes is encouraged to support efficiency and the student experience, especially where programmes are clustered together in a scheme of small, linked degree programmes. This typically involves degree programmes which whilst leading to individual awards share a substantial number of modules and are hence joined together in a scheme. Clustering, or grouping of HN and top-up degrees under one PL is only required, by exception, where there is clear and direct progression (for example HNC social science to BA (Hons) social science, or HNC Music Business to BA (Hons) Music Business, and not HNC social science to BA (Hons) criminology, or BA (Hons) psychology or other options)

Except where there are professional body requirements, or similar business requirements, remission should not normally be provided for module leaders, as much of the administrative requirements related to module oversight are supported by academic professional service colleagues. However, there will be an increase in allocated hours associated with each module from 48hrs to 51hrs (or equivalent where an academic partner/EO academic area is not subject to national bargaining arrangements) to take account of requirements associated with the modules.

2. Remission should not be provided for HN programmes - in line with practice elsewhere in the College sector in Scotland - other than for networked HN programmes which involve two or more academic partners.
3. Remission for programme leaders should not normally be annualised.
4. Programme Leadership remission for programmes where there are professional body requirements about this, or where there is additional complexity such as internationally delivered programmes may vary from the standard remission tariff.
5. Programme leadership remission arrangements must be both affordable and facilitate compliance with the relevant QAA precepts.
6. The criteria to be taken into account in determining the scale of remission for individual programmes are:
 - The number of fte students registered for the programme or programmes where these are clustered together.
 - The number of academic partners who deliver the programme.
 - Professional /Regulatory body requirements for remission as appropriate to context
 - Programmes delivered internationally as appropriate to context

It should be noted that the number of years over which a programme is delivered is not a criterion that is reflected in the determination of remission, as in effect this is included in the number of fte students.

The undernoted remission table articulates the principles above and provides a way of determining remission for programme leadership. A simple tool has been developed which allows variables to be inputted in order to determine more precisely the appropriate remission for individual programme (s) or groups of programmes.

The essence of this model is set out in the undernoted table:

Student FTEs	Programme (s)Complexity	Annual Remission hours
Less than 30	Single partner (degree, PGT)	54
30-149	Single partner (degree, PGT)	63 -108
Less than 30	Networked PGT/degree/HN involving 2 or more partners	54
20-149	Networked PGT/degree/HN involving 2 or more partners	63-108
150-400	Networked PGT/degree/HN involving 2 or more partners	117-216

Appendix 2 – Module Leadership additional information

For module leaders especially it is planned to streamline and significantly reduce the burden associated with this role using the undernoted approaches. Module Leaders will have a full opportunity to be involved in developing the detail of these arrangements as well as identifying any other opportunities for burden to be reduced:

- The current module Self Evaluation Documents (SEDs) will be revised into a significantly lighter touch format. Relevant discussions between Learning and Teaching and the MIS Team are already underway, exploring the development of a module 'health check' group of KPIs and related dashboard that could support a different approach to module monitoring and reporting, that could also be aligned to a 'reporting by exception' approach. It is envisaged that module leaders will be involved in co-creating this revised approach.
- The Mitigating Circumstances process will be streamlined and automated and will not routinely involve module leaders. While the automation possibilities are likely mid- to longer-term to achieve, perhaps across 2024/25 for introduction in 2025/26 (to be determined) a more streamlined process is felt to be achievable to introduce going into 2024/25.
- External Examiners will be able to access to assessment samples through the use of Brightspace as the single source for access, utilising EE external accounts which every External Examiner is already provided with. This will reduce the burden for module leaders as they will no longer be required to collate batches of coursework for external examiners. It is planned that this will be fully implemented by Semester 2 2024/25 if at all possible.
- A Module Leaders Development meeting will held early in 2024/25. It will led by the academic professional development team in EO but the scope and content will be co-created with module leaders in order to provide an opportunity for module leaders to be orientated to the new Module Leadership descriptor and responsibilities, including arrangements for reducing burden.

Appendix 3 – Schools College Programmes that have or are to be removed

SDD AREA	SECTOR AREA	COURSE TITLE
ALS	EYE	Certificate in Playwork & Childcare
ALS	H&W	College Certificate- Introduction to Beauty Skills
ALS	H&W	SFW Beauty - Higher
ALS	H&W	College Certificate - Intro to Hairdressing
ALS	H&W	SFW Hairdressing - National 4
ALS	H&W	SFW Hairdressing - National 5 Mixed
ALS	H&W	SFW Health - National 5 Perth High
ALS	SLLE	Gateway to College
BMCL	BMC	Foundation Apprenticeship Business SDDM (Schools)
BMCL	BMC	Foundation Apprenticeship Business Skills
BMCL	BMC	NPA Cyber Security - SCQF 5
BMCL	BMC	PECMIDIPMI CMI Certificate in First Line Management Schools
BMCL	BMC	IT in Business word processing and apps
BMCL	HFS	Foundation Apprenticeship - Hospitality (One Year Course)
BMCL	HFS	NPA Hospitality Operations SCQF Level 6
BMCL	Sport and Fitness	NPA Outdoor Sport (Schools) SCQF Level 5
BMCL	Sport and Fitness	Passport to Sport
BMCL	Sport and Fitness	NQ Activity Tourism

CCI	Creative Industries	Foundation Apprenticeship Creative and Digital Media removal of year 1
CCI	Music & Music Business	NPA Music Business
CCI	Music & Music Business	Higher Music Technology
CCI	Language School	ESOL pathways to FE
STEM	BE	Skills for Work; Construction Craft Practices
STEM	BE	Skills for Work; Construction Craft Practices (Infill)
STEM	BE	NPA Horticulture L4
STEM	SEA	Foundation Apprenticeship Engineering
STEM	SEA	Environmental Science National 5 (Schools Offer)
STEM	SEA	Foundation Apprenticeship Scientific Technologies
STEM	SEA	College Certificate - STEM
STEM	SEA	PDA Modern Biological Technologies
STEM	SEA	NPA Science and Health

* Including planned courses that are now being removed but have no current delivery hours attached
(this includes new proposals/ infill cohorts and those paused for 23/24)

Appendix 4 – Horticulture programmes to be removed

SDD AREA	SECTOR AREA	COURSE TITLE
STEM	BE	NC Horticulture - SCQF 5
STEM	BE	Horticulture HNC
STEM	BE	Horticulture HND Year 2

Appendix 5 – Unviable FE programmes that have or are to be removed

Directorate	Sector Area	Mode	Course Title
ALS	HWB	FT	NQ Access to Nursing (SWAP PROGRAMME) - SCQF 6
ALS	HWB	FT	NQ Access to Nursing and Social Services SCQF 6
BMCL	HFS	FT	Intro to Professional Kitchen (incorporating SVQ Hospitality Services - SCQF 4)
BMCL	HFS	FT	SVQ Professional Cookery - SCQF 5
BMCL	S&F	FT	NQ Sports Studies - SCQF 5
CCI	AETA	FT	NQ Acting and Theatre Performance- SCQF Level 6
STEM	Automotive Engineering	PT	SVQ in Heavy Vehicle Maintenance and Repair SCQF 7
STEM	Automotive Engineering	PT	SVQ in Heavy Vehicle Maintenance and Repair SCQF 7
STEM	Automotive Engineering	PT	SVQ in Heavy Vehicle Maintenance and Repair SCQF 7 (BR)
STEM	Automotive Engineering	PT	SVQ in Heavy Vehicle Maintenance and Repair SCQF 7 (BR)
STEM	Automotive Engineering	PT	SVQ in Heavy Vehicle Maintenance and Repair SCQF 7 (BR)
STEM	BE	FT	NC Horticulture - SCQF 5
STEM	SEA	PT	College Certificate - Greens Skills Academy

(12 excluding Horticulture)

* Including courses that are reducing from 2 to one cohort/ integrating delivery and being replaced and those that do not have current teaching hours allocated.

(this includes new infill cohorts and those paused for 23/24)

Appendix 6 – Unviable HE programmes (including post-graduate programmes) that have or are to be removed

Directorate	Sector Area	Course Title	Comment
ALS	EYE	No HE Course Cuts	No impact on teaching hours
ALS	HSS	No HE Course Cuts but clustering into schemes for efficiencies	No impact on teaching hours
ALS	HWB	No HE Course Cuts	No impact on teaching hours
BMCL	HOSP	Events Management BAH	No impact on teaching hours
BMCL	HOSP	Hospitality Management HND	399 hours
BMCL	HOSP	Professional Cookery with Management HND	350 hours
BMCL	BMC	Book-keeping PDA	No impact on teaching hours
BMCL	BMC	Financial Accounting PDA	No impact on teaching hours
BMCL	BMC	Office Management and Information Technology PDA	No impact on teaching hours
BMCL	BMC	Applied Software Development BScH	No impact on teaching hours
BMCL	BMC	Applied Software Development BScH	No impact on teaching hours
BMCL	BMC	Applied Software Development BScH	No impact on teaching hours
BMCL	BMC	Applied Software Development BScH	No impact on teaching hours
BMCL	BMC	Web Technologies MSc	282 hours
BMCL	S & F	Outdoor Education and Learning BAH	No impact on teaching hours
CCI	MMB	Applied Music BAH	No impact on teaching hours
CCI	MMB	Applied Music BAH	No impact on teaching hours
CCI	CI	No HE Course Cuts but merging of Two stream into a scheme for efficiency	No impact on teaching hours
CCI	AETA	No HE Course Cuts	No impact on teaching hours
STEM	BE	Horticulture HNC	289 hours
STEM	BE	Horticulture HND Year 2	272 hours
STEM	SEA	Environmental Science BScH	No impact on teaching hours

* Including planned courses that are now being removed but have no current delivery hours attached.

Committee Cover Sheet

Paper No.3

Name of Committee	Strategic Development Committee
Subject	Additional Income Generation Update – Work Stream 5
Date of Committee meeting	22/05/2024
Author	Jill Elder
Date paper prepared	10/05/2024
Executive Summary Please provide a concise summary of the Paper outlining the purpose, impact and recommended future actions if approved	This presentation will provide the recommendations of Work stream 5 in relation to additional income generation including Business Engagement and International activity and the Academy of Sport and well-being. The included recommendations are the output of the work undertaken between January and March 24 which then formed the basis of the Consultation proposal.
Committee Consultation Please note which Committees this paper has previously been tabled at, and a brief summary of the outcomes/actions arising from this.	N/A
Action requested	<input type="checkbox"/> For information <input checked="" type="checkbox"/> For discussion <input type="checkbox"/> For endorsement <input type="checkbox"/> For approval <input type="checkbox"/> Recommended with guidance (please provide further information, below)
Strategic Impact Please highlight how the paper links to the Strategic Objectives of UHI Perth or the UHI Partnership: Strategic-Plan-2022-27.pdf If there is no direct link to Strategic Objectives, please provide a justification for inclusion	This paper has been requested by the Chair as a follow up to the Presentation given by Craig Lennox/Gareth McKenna at a previous meeting on Commercial and International Growth Development and to provide the related recommendations from Work Stream 5 which concluded on 29 th March 2024.

Committee Cover Sheet

of this paper to the nominated Committee.	
Resource implications Does this activity/proposal require the use of College resources to implement? If yes, please provide details.	Yes/ No Yes
Risk implications Does this activity/proposal come with any associated risk to UHI Perth, or mitigate against existing risk? If yes, please provide details.	Yes/ No No
Equality & Diversity Does this activity/proposal require an Equality Impact Assessment? If yes, please provide details.	Yes/ No No
Data Protection Does this activity/proposal require a Data Protection Impact Assessment? If yes, please provide details.	Yes/ No No
Island communities Does this activity/proposal have an effect on an island community which is significantly different from its effect on other communities (including other island communities)?	Yes/ No If yes, please give details: No

Committee Cover Sheet

<p>Status (ie confidential or non-confidential)</p>	<p>Confidential</p> <p>If a paper needs to remain confidential for a prescribed period of time before being made 'open', please advise how long must the paper be withheld:</p> <p>Click or tap here to enter text.</p>
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Freedom of Information

Please note that **ALL** papers will be included within 'open' business unless a justifiable reason can be provided.

Please select a justification from the list, below:

Its disclosure would substantially prejudice a programme of research	<input type="checkbox"/>	Its disclosure would substantially prejudice the effective conduct of public affairs	<input type="checkbox"/>
Its disclosure would substantially prejudice the commercial interests of any person or organisation	<input checked="" type="checkbox"/>	Its disclosure would constitute a breach of confidence actionable in court	<input type="checkbox"/>
Its disclosure would constitute a breach of the Data Protection Act	<input type="checkbox"/>	Other [please give further details] Click or tap here to enter text.	<input type="checkbox"/>

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

Additional Income Generation Update - WS5

Jill Elder
22/5/24

Definitions

Recommendation:

1. Commercial (achieving the 30% overhead contribution and further profit %)
2. Part commercial/core funded (achieving 30% overhead contribution by including credit/FTE funding and a tuition fee – the aim here should be for a further profit %)
3. Full Cost recovery (achieving the 30% overhead contribution)
4. Community benefit (for college or wider community benefit) NB consideration will be given to projects which demonstrate an in-kind value where the 30% overhead contribution is not possible.

Business Case process

A new Business Case approval document is under development which will be required for **all proposals** to be submitted to PLG for awareness/comment and SMT for an initial Go/Not go decision. Proposals will be assessed against explicit criteria and the outcome will be:

1. Approved to proceed with clear rationale provided.
2. Provided with feedback and invited to resubmit with timeline.
3. Rejected with clear rationale provided.

It is mandatory for a Finance Business Partner to work with any Proposer to develop the financial costing projection. The Proposer and FBP will both sign off accuracy of the BC for submission.

Assumption - Overhead

International costs built into CRP @ 0.29 PTH

Business Engagement Team costs built into CRP @ 0.43 PTH

These costs are currently planned to be attributed to the courses which they support in the CRP.

Recommendation:

Appropriate and agreed model(s) are developed with Finance for each Additional income generating area to ensure consistent baseline data is available and can be better used to inform decision making.

MARKETS

ACTIVE:

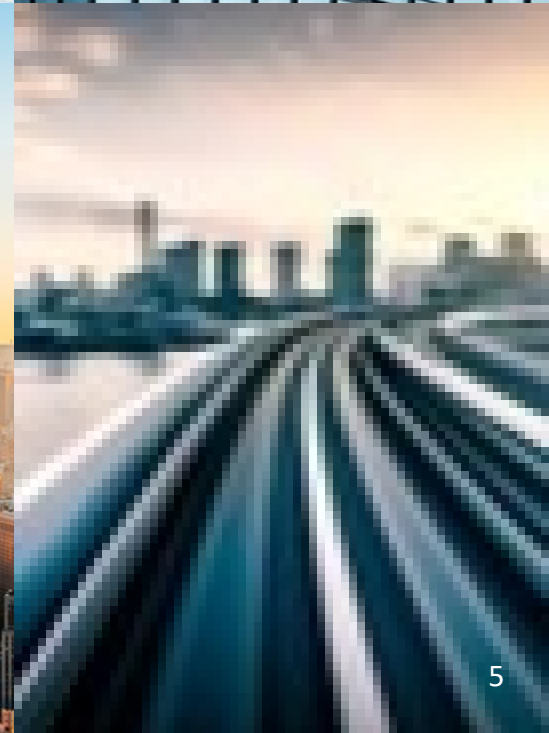
China, India, Nepal, Sri Lanka, Brunei

EMERGING:

Vietnam, Bangladesh, Kuwait,
Indonesia, Malaysia

POTENTIAL:

Pakistan, Nigeria, Ghana,



International

Current Delivery models:

TNE Flying Faculty 43% profitability

Online delivery – with partner – 62% profitability

On campus (articulation and credit transfer) – not determined % as infill

Short Course (summer school, previous 3 week staff development programmes)

Delivery Models under development:

TNE Franchise – 55-65%

On campus (articulation and credit transfer) – not determined % as infill

TNE Flying Faculty – currently 43%

International

Recommended prioritisation of delivery models –

1. TNE Franchise - grow
2. On campus infill – continue and monitor for 24/25 and review planning for 25/26. Finance/Int are working on a model to determine curriculum/partner income/profitability.
3. TNE Flying Faculty – maintain
4. Short Courses – stop.

International

Recommendations:

- Require infrastructure immediately to both maintain existing relationships and develop growth opportunities. Recommend structure required and investment.
- Target contribution/profitability – 43-50% TNE FF and 50-60% TNE Franchise with re-investment of 5-10% of same in curriculum area with agreement in Business Case. Eg If 50% margin achievable then 30% contribution to OH, 5-10% re-investment (in curriculum area or scholarships) and 10% profit to college bottom line.

Alternative considerations which will require Finance view:

1. Increasing the college agreed over head to include Int team costs.
2. % of potential income is invested in increasing infrastructure eg 0.05% of income projected by 2027 would be £475K.

International

Total 24/25 projected profit increase is £362,507. NB There is also potential additional income with Aircraft Eng with new articulations in place. (circa £150K income)

This is based on AITM (Nepal) franchise commencing January 2025 and increase in LCCI credit transfer on campus students.

CAT Kuwait franchise in early development with potential Sept 2025 start date with potential up to £300,000 profit.

International

Risks to the plan:

UHI approvals – Strategic agreement/support required in Perth/UHI/APs

UHI AP changes – strategic monitoring required

Staffing issues – monitor and review, reputational risk

Higher risk with Networked programmes due to reliance on other APs

Differing risk with specific models ie TNE FF and Franchise model

Infrastructure – implement enhanced structure in International and agree remission model to be built into BC for academic side as required to enable more speedy progression of projects.

Proposed Team UHI Perth

Director of International Partnerships Craig Lennox/ Lin Shen		
International Partnerships Officer Cindy Choquet	International Admissions and Compliance Officer Sharon Porter	International Partnerships Officer Grade H: £33,920
	International Admissions and Compliance Coordinator Grade F: £27,500	
International Partnerships Coordinator Grade D: £25,470		

Proposed investment of ~~£86,890~~ £59,390 per annum (excluding pension, other benefits and onboarding costs) to the international team in terms of new staff to aid delivery of success.

This investment would:

- allow for better allocation of responsibilities and tasks,
- enable improved processes and practices
- implement improved support for faculties and external partners.

Clear division of tasks and labour would also allow for a clear commercial focus on delivering income and generate increased international student numbers.

Potential ACCUMULATIVE INCOME TOTAL BY 2027

ACTIVE	HIE, HUUC, ZUA, Akureyri	£3,586,053
IN DEVELOPMENT 1	AITM, CAT CSRI	£2,535,000
IN DEVELOPMENT 2	Binzhou, Sichuan, Luoyang, HMEP	£3,420,000
TOTAL:		£9,541,053

Established partnerships

	Tuition	22/23	23/24	24/25	25/26	26/27	TOTAL
HIE	£2000	115 £230,000	155 £310,000	220 £440,000	220 £440,000	220 £440,000	£1,860,000
ZUA	£2200	94 £51,700	94 £103,400	94 £155,100	94 £206,800	94 £206,800	£723,800
HUUC	£1500	101 £151,500	100 £150,000	100 £150,000	100 £150,000	100 £150,000	£751,500
Akureyri		72 £57,274	83 £43,479	85 £50,000	90 £50,000	90 £50,000	£250,753
						TOTAL:	£3,586,053

Partnerships in development

<p>AITM Nepal (FRANCHISE) 2025</p>	<p>BA Hons Hospitality Mgt, 350 students across years 1-4 by 2027 = £455,000 BA Hons Business and Management, 350 students across years 1-4 by 2027 = £455,000 BSc Hons Computing, 350 students across years 1-4 by 2027 = £455,000 MBA 50 students per year by 2027 (30, 50, 50) = £150,000 TOTAL: £1,515,000</p>	
<p>CAT Kuwait Franchise (2025)</p>	<p>B Eng Electrical and Electronic Engineering 50/ year B Eng Electrical and Mechanical Engineering 50/ year B Eng Mechanical Engineering 50/ year B Eng Energy Engineering 50/ year</p>	<p>BA Hons Business and Management 40/ year BA Hons Accounting and Finance 40/ year BSc Hons Computing Science 40/ year BSc Audio Engineering 40/ year BA Hons Visual Communications 40/ year TOTAL: £700,000</p>
<p>Ceylon Strategic Research Institute (CSRI) (FRANCHISE) 2025</p>	<p>MBA Franchise: 2025, £48,000 2026, £72,000 2027, £200,000 TOTAL: £320,000</p>	
<p>TOTAL:</p>	<p>£ 2,535,000</p>	

Partnerships in development

Binzhou (TNE) 2025	Aircraft Engineering 400/year @ £2,000 = £800,000 per year by 2028 Electrical and Electronic Engineering 400/year @ £2,000 = £800,000 per year by 2028 Mechanical Engineering 400/year @ £2,000 = £800,000 per year by 2028 Total: £2,400,000
Sichuan Uni of Arts and Science TNE 2025	BA Hons Visual Communications: 60/ year @ £2,000 = £120,000 BSc Hons Audio Engineering: 60/ year @ £2,000 = £120,000 TOTAL: £240,000 per year = £720,000 by 2027
Luoyang Poly TNE 2025	DipHE Hospitality + Articulation to yr 3 and 4 at UHI Perth 100/ year x £2000 = £200,000 = £600,000 by 2027
Hunan Mechanical Engineering Poly TNE 2025	DipHE Engineering + Articulation to yr 3 and 4 at UHI Perth 50/ year x £2000 = £100,000 = £300,000 by 2027
TOTAL:	£3,420,000

Articulation & credit transfer

LCCI Nepal	1+3 agreement in place for Hospitality Management Sept 2023 2 students @£7,182 = £14,364 (10% scholarship off) 5-8 students expected for Sept 2024 1+3 agreement in development for Computing
AAC Sri Lanka	2+2 (plus bridging course) in development for BSc Hons AME 3-5 students expected for Sept 2024 year 3 (£14,396) = £43,189 - £71,980 (10% scholarship off)
CAT Kuwait	2+2 (plus bridging course) in development for BSc Hons AME 3-5 students expected for Sept 2024 year 3 (£15,996) = £47,998 - £79,980
Joramco Jordan	2+2 (plus bridging course) in development for BSc Hons AME 3-5 students expected for Sept 2024 year 3 (£15,996) = £47,998 - £79,980
India SGT, SGI. Andhra	We have 3+1 plus MBA articulation agreements in place, but the key agent has gone quiet on us. He is targeted with 10 enrolments
Doctoral College IAB	OFQual approved HNC and HND level business management, accounting and finance programmes seeking articulation into year 3 of our programmes. In development.
Edubex	SQA approved level 11 management programme (120 credits) delivered online seeking 60 credit MBA top up articulation and franchise. In development.

Ultimate Goal	<p align="center">Achieve £5 million income from international partnerships activities by 2027/28</p> <ul style="list-style-type: none"> · Build UHI reputation in international markets for partnerships · Increase student diversity: nationality, subject areas studied, subject level studied · Establish robust processes and practices for student experience and student support 				
Objectives	Data-Led partnerships strategy	Robust compliance	Data-Led student recruitment strategy (partnerships)	Brand Recognition	360° Student experience and support
Questions Challenges Assumptions	Can we identify key areas for growth? Short term (quick wins) and longer-term (new markets/ regions) growth opportunities? What partnership management practices do we need to instil?	Can we identify key areas of improvement? What systems/ processes are required to achieve this? How is this scalable?	Where and how can we win against competitors? How do we read data to ensure sustainable growth? How does this move us towards our ultimate goal?	How can we win against competitors? How do we measure our brand recognition and reputation in market YOY? How do we measure and monitor ROI on all activities?	How does this add value for the student? How is this scalable? How does this add value to UHI reputation? How does this move us towards our ultimate goal?
Activities and Project Plans	Market-led partnership opportunities. Audit of current partners to identify programme area growth opportunities (quick wins) Competitor analysis and understanding of gaps in our market/ regional focus Info sessions across UHI campuses to encourage academic interest in partnerships. Establish growth forecasts and targets for partnership development	Review and refine current processes and practices identifying areas where we can streamline and improve. Maintain current knowledge of UKVI changes and updates. Potentially identify existing resource that can help support immediate growth Identify and plan for busy/peak times to ensure service levels maintained. Measure and monitor application times to set a baseline from which to improve.	In-country visits, events and activities focused on recruiting from articulation partners. Digital marketing and social media campaigns Programme specific webinars to share info Partnerships account management to focus on and drive application growth Activity measurement, monitor and ROI focus	In-country visits, events and activities to meet prospective students Digital marketing and social media campaigns Programme specific webinars to share info Partnership account management to understand market reaction/understanding to/of UHI Robust activity measuring, monitoring and ROI focus	Establish plan and timelines to implement student focused support and services Robust measurement and monitoring of activities to gauge success of activities Feedback tweak and amend plans to ensure success Engage with students – focus groups and interviews to understand their experience and use this to influence changes
YOY	2022/23	2023/24	2024/25	2025/26	2026/27

Business Engagement team

BET Income target of circa £440k FOR 23-24

FWDF significant traction increased from 90K to £265K in 2 cycles but FWDF is now redundant; No income for 24-25. Only means of replacing this funding stream is via the TCD eg £100K available via Perth to SMEs (£5K allocation).

MA's currently capped so income target will be the same for 24-25; New bid has been submitted request for additional MA's but likelihood low. Awaiting outcome.

Managing Agent apprentices sit with STEM circa £300k per year.

SDS MA Contract income £190K. Managed by BET.

Business Engagement team

Cost of Work Based Assessors is complex as in each curriculum area operates a different model which may be discreet or integrated with SVQs and other provision.

Line Management requires consideration – recommendation that this aligns within the curriculum eg STEM directorate who would have cross college responsibility for the MA provision both Managing Agents and SDS College managed contract.

Philanthropy and Fundraising – this is being explored with UHI who will take responsibility for this aspect of business engagement.

Business Engagement team

Recommendations:

- The college should continue to deliver the Apprenticeship family in line with national priorities. GA and FA are accounted for in WS1 and the CRP.
- The MA/SVQ Costing and operating model has been initially reviewed.
- This highlights significant differences in practice, operating models and costings which require further review and alignment as appropriate. There are very efficient models in operation eg SVQ Assessors also undertaking MA activity and other work-based requirements within curriculum within roles. The CRP needs further development to fully illustrate the costing/profit position.
- The recently established community of practice will support the good practice sharing and alignment.
- Review the reviewer/assessor activity to ensure efficient and effective within the existing staff resource.

Business Engagement team

Tay Cities Deal

AAS – Capital Funding £5.96m to create Aviation Academy for Scotland on campus (subject to 18 month OBC and FBC process). Bid to PKC to support consultancy costs to develop OBC/ FBC.

Hospitality Skills Project - £2m over 6 years. Staffing costs supported subject to approved BJC (75% complete). Bid to PKC to support consultancy costs to finalise BJC.

SME Skills Project – Estimated £100k pa for 4 years (20 SME's at £5k each). £1000 day rate. Associate cost £400- 500 per day, 30% OHD, approx. 20-25% margin.

Digital Skills Project – Staff development cost for AI funded with reciprocal delivery to regional College partners. Future funding bids can be submitted for project delivery. Capacity dependent.

Business Engagement team

Recommendations:

Consolidate this department for next 6-12 months.

2 FTE roles in BET continue to support the College Managed MA contract and also take on some support of the Managing Agent MAs bringing all college apprentices under one area.

2.6 FTE cost - £121,545 2.5FTE

Reduction of 0.6 FTE. **£22,605** ex on costs saving.

Business Engagement team

- Other profitable income opportunities via BET should be fully explored over the next 12 months.
- A list of potential/existing activity will be reviewed. It should be noted that no individual activity generates over £50K (objective) however CPD clusters have some potential.

Academy of Sport and Well-being

Notes: Excellent reputation with membership and sports hall users. Positive symbiotic relationship with curriculum areas based in ASW and out-with. Only current vibrant student experience on campus. Positive relationship with community, sports and schools partners. National bargaining staff costs are challenging.

Academy of Sport and Well-being

Student Usage

Currently –

Perth Students

407 with Direct Debit memberships

595 with Pay as you go arrangements including the upfront fresher payment

119 Alumni members

18 Non-Perth student members

Academy of Sport and Well-being

11% INCREASE ON SAME PERIOD IN 22-23

SIGNIFICANT INCREASE IN GYM INCOME

DD PAYMENTS FOR 5 MONTH PERIOD IN 22-23 WAS £86,858

DD PAYMENTS FOR 5 MONTH PERIOD IN 23-24 IS £103,613

19% GROWTH IN 23-24

INCREASED NUMBERS ATTENDING GYM AND FITNESS CLASSES

SPORTS HALL FULLY BOOKED UNTIL APRIL 2024- NO OTHER FACILITIES OF THIS STANDARD LOCALLY- HUGE DEMAND

ASW IS NOW BEST LOCAL MULTI SPORTS FACILITY IN PERTH

LIVE ACTIVE DECISIONS

FUTURE IS POSITIVE FOR ASW

ASW PLAYS KEY ROLE IS HEALTH AND WELLBEING OF STUDENTS, STAFF AND WIDER COMMUNITY

WE CONTINUE TO SUPPORT STUDENT WORK BASED LEARNING AND EMPLOYMENT

WE ARE FLAGSHIP FOR A VIBRANT CAMPUS 7 DAYS PER WEEK AND OUR COMMITMENT TO BEING A GENUINE "COMMUNITY COLLEGE"

WE PLAY KEY ROLE IN SUPPORTING STUDENT RECRUITMENT AND RETENTION

ASW SIGNIFICANTLY RAISES THE PROFILE OF OUR COLLEGE

Academy of Sport and Well-being

- Fixed costs - £120K (reception, system/licence, maintenance and equipment costs). These costs exist whether there is a commercial operation in the building or not.
- Org change process being worked up – change of opening hours to reduce hours and realign duty manager costs. Increase in cost - £300K (still requires confirmation of the baseline costs to ensure comparable – Finance input required).
- Membership price increase of 25% was implemented in December.
- Symbiotic relationship with Sport and Fitness Curriculum (FE credits 1016/£383,255 income and HE FTE 245/£1,225,000 income).

Academy of Sport and Well-being

Aug – Dec 23- increase in income of 11% on previous year. This trajectory is continuing through Jan- March 24.

Based on current projections including membership increase and organisational change proposal, at the end of 23/24, the ASW is expected to make a 12% contribution (**£87,765**). Further modelling undertaken by ASW Manager/Finance BP for 24/25 predicts a 23% contribution rate (**£198,800**).

Staff costs based on basic salaries - £235,282 less on costs.

Recommendation:

- Finance review the breakdown the 5 Cost centres to provide analysis profitability of each area.
- Finance and ASW Manager revisit the Organisational change proposal (not yet finalised) to ensure comparable baseline financial data.
- Note: The above information will inform a final recommendation.

Committee Cover Sheet

Paper No. 4

Name of Committee	Strategic Development Committee
Subject	Balanced Scorecard – Board Strategic KPIs May 2024
Date of Committee meeting	23/05/2024
Author	Perth Leadership Group
Date paper prepared	16/05/2024
Executive Summary Please provide a concise summary of the Paper outlining the purpose, impact and recommended future actions if approved	Strategic KPI data for: 2022/23 actual 2023/24 actual 2024/25 target
Committee Consultation Please note which Committees this paper has previously been tabled at, and a brief summary of the outcomes/actions arising from this.	Perth Leadership Group
Action requested	<input checked="" type="checkbox"/> For information <input checked="" type="checkbox"/> For discussion <input type="checkbox"/> For endorsement <input type="checkbox"/> For approval <input type="checkbox"/> Recommended with guidance (please provide further information, below)
Strategic Impact Please highlight how the paper links to the Strategic Objectives of UHI Perth or the UHI Partnership: Strategic-Plan-2022-27.pdf If there is no direct link to Strategic Objectives, please provide a justification for inclusion of this paper to the nominated Committee.	Strategic KPIs and achieving UHI Perth Strategy 2022-27

Committee Cover Sheet

<p>Resource implications</p> <p>Does this activity/proposal require the use of College resources to implement?</p> <p>If yes, please provide details.</p>	<p>Yes – where resource is required to meet KPI targets</p>
<p>Risk implications</p> <p>Does this activity/proposal come with any associated risk to UHI Perth, or mitigate against existing risk?</p> <p>If yes, please provide details.</p>	<p>Yes</p> <p>Not achieving strategic KPIs</p>
<p>Equality & Diversity</p> <p>Does this activity/proposal require an Equality Impact Assessment?</p> <p>If yes, please provide details.</p>	<p>No</p>
<p>Data Protection</p> <p>Does this activity/proposal require a Data Protection Impact Assessment?</p> <p>If yes, please provide details.</p>	<p>No</p> <p>Click or tap here to enter text.</p>
<p>Island communities</p> <p>Does this activity/proposal have an effect on an island community which is significantly different from its effect on other communities (including other island communities)?</p>	<p>No</p> <p>If yes, please give details:</p> <p>Click or tap here to enter text.</p>
<p>Status</p> <p>(ie confidential or non-confidential)</p>	<p>Non-Confidential</p> <p>If a paper needs to remain confidential for a prescribed period of time before being made 'open', please advise how long must the paper be withheld:</p> <p>Click or tap here to enter text.</p>

Committee Cover Sheet

Freedom of Information

Please note that **ALL** papers will be included within 'open' business unless a justifiable reason can be provided.

Please select a justification from the list, below:

Its disclosure would substantially prejudice a programme of research	<input type="checkbox"/>	Its disclosure would substantially prejudice the effective conduct of public affairs	<input type="checkbox"/>
Its disclosure would substantially prejudice the commercial interests of any person or organisation	<input type="checkbox"/>	Its disclosure would constitute a breach of confidence actionable in court	<input type="checkbox"/>
Its disclosure would constitute a breach of the Data Protection Act	<input type="checkbox"/>	Other [please give further details] Click or tap here to enter text.	<input type="checkbox"/>

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

Balanced Scorecard 2022-27							Year One		Year 2	Year 3	
							2022-23		2023-24	2024-25	
Strategic KPI	UHI Perth Strategy 2022-27	Strategic KPI	Lead Author(s)	SLT Sponsor	Baseline	Target (Over 5 years)	2022/23 Target	2022/23 Actual	2023/24 Actual	2024/25 Target	2024/25 Actual
Excellence in Learning and the Learner Experience											
SO1: The Learner Experience											
1	Increase retention, attainment, achievement, progression and student satisfaction to sector leading levels	Increase student retention									
		a) FE by 7%	Jill Elder/ Deborah Lally	VPA	79%	80%	79%	82%	tbc	82%	
b) HE by 5%				79%	92%	79%	87%	tbc	87%		
Increase student achievement											
2		a) FE by 12%	Jill Elder/ Deborah Lally	VPA	66%	74%	66%	72%	tbc	66%	
		b) HE by 9%			71%	80%	71%	61%	tbc	71%	
SO2: Co-Creative and Progressive Curricula											
3		Increase student satisfaction	Early Student Experience Survey:								
	a) FE by 2%		Nicky Inglis/ Deborah Lally	DP	96%	98%	96%	98%	98%	98%	
	b) HE by 7%				91%	98%	91%	97%	97%	97%	
	Student End of Year Survey:										
	a) FE by 6%		Nicky Inglis/ Deborah Lally	DP	92%	98%	92%	96%	96%	96%	
	b) HE by 9%				89%	98%	89%	94%	94%	94%	
4	Strengthen and develop an agile, innovative and dynamic portfolio that responds to regional and Scottish Govt priorities and key sector needs with a focus on recruitment	Continue to annually review the curriculum portfolio and increase overall redesign of our courses by 25%	Lesley Connaghan/ David Gourley	VPA	50%	75%	55%	tbc	tbc	tbc	
SO4: Academic Partnerships											
5	Value/leverage (£) by partnership	Margin/revenue - overhead recovery +1% by year 5	Christiana Margiotti	VPEE	Still not defined	+1%	0	tbc	tbc	tbc	
College Growth and Ambition											
SO1: Our Culture											
6	Strategic Values - living our values	Monthly initiative around one of our values	Katy Lees/ Christiana Margiotti	DP	0	12	3	3	0	tbc	

Balanced Scorecard 2022-27							Year One		Year 2	Year 3	
							2022-23		2023-24	2024-25	
Strategic KPI	UHI Perth Strategy 2022-27	Strategic KPI	Lead Author(s)	SLT Sponsor	Baseline	Target (Over 5 years)	2022/23 Target	2022/23 Actual	2023/24 Actual	2024/25 Target	2024/25 Actual
SO2: Our Staff											
7	Staff survey results from 2021 are improved in the following areas (next survey)	The leadership team provide clear direction and guidance	Jill Elder/ Jill Martin	DP	42%	80%	42%	42%	42%	50%	
SO4: Our Ways of Working											
8	We will enhance and improve our systems and processes, driving high quality outcomes	Number services/processes improved July 2023 - 4 July 2024 - 8 July 2025 - 12	Jill Martin/ Head of Finance	DPO	0	12	4	4	8	12	
SO5: Digital Transformation											
9		Identify a baseline digital competence framework for each job role	Jill Martin/ David Gourley	DPO	0	Produce framework document	Produce framework document	Framework document produced	Framework document produced	Framework document produced	Framework document produced
Partnerships and Collaboration											
SO1: Relationships											
10	Percentage strategic partnerships v proportion of external engagements	Increase from 5% by 1% pa	Nicky Inglis	VPEE	5%	10%	5%	5%	5%	5%	
SO2: Commercial Enterprise and Innovation											
11	Commercial AOP/Commercial Income (per college area)	Gross overhead +1% by Year 5	Nicky Inglis	VPEE	0.00%	+1%	0.00%	0.50%	0.50%	0.50%	
Sustainability											
SO2: Reinvestment Planning											
12	At the end of the strategic cycle have the following cost/income ratios:	1. Staff Cost/Income 70%	Head of Finance	DPO	80.90%	70%	80%	80.10%	tbc	tbc	
		2. Non-Staff Cost/Income 21%			23%	21%	22.8%	26.10%	tbc	tbc	
		3. Investment Cost/Income 5%			0	5%	1%	0.00%	tbc	tbc	
SO3: Environmental Sustainability											
13	Percentage gross carbon footprint reduction	Decrease by 2% pa	Gavin Whigham/ David Gourley	DP	1646 tonnes	tbc	1613 tonnes	1208 tonnes	tbc (target date 11/24)	1150 tonnes	
Definitions											
Lead Author - PLG member responsible for monitoring/tracking data				Baseline - data for 2021/22							
SLT - member of Senior Leadership Team (SLT) sponsoring the KPI				Target - the set value to be achieved each year							

Strategic Development Committee - Terms of Reference

Membership

No fewer than 3 Independent Members of the Board of Management

College Principal

1 Staff Member of the Board of Management

2 Student Members, to be nominated by HISA Perth

In attendance

Depute Principal

Vice Principal (Academic)

Vice Principal (External Engagement)

Vice Principal (Operations)

Quorum

The quorum shall be 4 members

Frequency of Meetings

The Committee shall meet no less than three times per year.

Terms of Reference

- To actively engage in the development, review and monitoring of the College's Strategic Plan;
- To consider and approve other appropriate College Strategies, in particular those that seek to grow non-SFC income for the College;
- To consider matters relating to community outreach and the participation of the college in the delivery of major partnership projects;
- To keep under review the regional and national economy and market trends to help advise on the alignment of the curriculum;
- To monitor risks associated with commercial and international income and make appropriate recommendations to the Audit Committee;
- The Strategic Development Committee shall meet jointly with Finance & Resources Committee on an annual basis to ensure there is sufficient scrutiny of resource implications of potential proposal and recommendations taken forward by Strategic Development Committee.

ToR Reviewed January 2022

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UHI Perth

Externally Facilitated Effectiveness Review

October 2024

FINAL REPORT



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Contents

1	INTRODUCTION	3
2	EXECUTIVE SUMMARY	4
3	EFFECTIVENESS REVIEW AGAINST THE CODE FOR GOOD GOVERNANCE IN SCOTLAND'S COLLEGES	5
3.1	Leadership and Strategy.....	5
3.2	Quality of the Student Experience.....	5
3.3	Board Accountability.....	6
3.4	Board Effectiveness.....	7
3.5	Relationships and Collaboration.....	8
4	RECOMMENDATIONS.....	9
5	ANNEX 1	10
5.1	Document Review.....	10

1 INTRODUCTION

The Code of Good Governance for Scotland's Colleges (the Code) sets out the principles of good governance for colleges in Scotland. This review is against the 2022 Edition of the Code.

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

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

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

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

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

Methodology

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

- Initial meeting with the Governance Professional to agree the scope of the review and the overall project plan
- Phase 1 interviews with the
 - Chair
 - Vice Chair and Chair of Audit
 - Principal
 - Chair, Strategic Development Committee
 - Student Member
 - Staff Member
 - Independent Member
 - Governance Professional
- Observation of the 6th of June Board meeting
- Desk review of core governance documentation, including board agendas and papers, audit reports and committee terms of reference
- Board survey to seek Members' views of governing processes
- Phase 2 interviews with the remaining board members to review conclusions and recommendations. These replaced the board workshop which would normally be held to consider the outcome of the effectiveness review. Given it was the summer holiday period it was not feasible to hold a board workshop during that time.

2 EXECUTIVE SUMMARY

This is a committed and strategic board which benefits from strong leadership from a skilled and experienced Chair.

It is clear that the quality of the student experience is at the core of board discussions and decision making.

The UHI Perth Strategy 2022-27 sets out the College Vision and Strategic Objectives which are underpinned by strategic KPIs. There is a robust performance management framework in place and a clear line of sight between the strategic objectives and the KPIs which are monitored by the board and the sub committees.

The board and the committees are supported by a skilled and experienced Principal and executive team and a highly competent Governance Professional.

Board members have an excellent range of skills and experience. There has been some turnover with the loss of long-standing experienced members and the appointment of new members. Consideration needs to be given to building the new board 'team,' and creating opportunities for members to build effective working relationships

The Governance Professional maintains a 'Code of Good Governance Checklist' which provides evidence and assurance of compliance with the Code.

The conclusion of the phase 2 interviews was that, without exception, the members interviewed agreed with the findings of the review and the recommendations.

It should be noted that this review was undertaken during a period of significant change and challenges including

- Work progressing on the UHI Target Operating Model
- The significant challenges facing the college sector in relation to national pay bargaining and ongoing industrial action
- Restructuring of the senior leadership team
- Financial challenges facing the sector and the college

Board Statement on External Effectiveness Review

The Board of Management of UHI Perth takes its governance responsibilities very seriously, and is always keen to absorb methods to continually improve its outlooks, practices and cultures.

Additionally, UHI Perth's key stakeholders should be assured that strategic decision-making is taken in line with the principles of good governance expected by our learners, our communities and our funders.

The Board is therefore delighted to receive the latest External Effectiveness Review from the College Development Network, and commits to implementing the recommendations provided within the Review fully, timeously and without reservation.

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

3.1 Leadership and Strategy

This is an effective and committed board which provides strategic leadership for the college. The board is led by a skilled and experienced Chair who has established a learner focussed culture based on respect, openness, and collective responsibility.

The board demonstrates collaboration and teamwork, and the Chair encourages open discussion and contribution from all members.

Board members were fully engaged with the strategic planning process, determining the vision, strategic direction, and values for the college.

The UHI Perth Strategy 2022-2027 states

'Our new strategy was developed through extensive consultation with our staff, our learners and all other key stakeholders and it reinforces our commitment to continuously enhance the learner experience.'

The UHI Perth Strategy 2022-2027 sets out the College's strategic objectives, each of which is underpinned by a set of Key Performance Indicators. The board receives a Balanced Scorecard which reports progress against each of the strategic KPIs.

The Strategic Development Committee has responsibility for actively engaging in the development, review, and monitoring of the College's Strategic Plan.

The board is kept informed on the work progressing on the UHI Target Operating Model, and the Chair and the Principal provide ongoing progress reports to the board. The Chair of the UHI Court attends UHI Perth board meetings as an observer, providing opportunity for challenge and debate.

The board has regard to economic and social wellbeing of the area, and the Principal and senior staff are well connected to local planning structures.

3.2 Quality of the Student Experience

The quality of the student experience is clearly at the core of committee and board discussions and decision making.

The 'Your Students' Association Report' is taken early in the board agenda, and members have keen interest in the report.

The Chair and the student members have regular dialogue.

The Learner Engagement Committee has oversight of and provides assurance on the quality and inclusivity of the student experience. Both student members were members of this committee during 2023/24.

The board received a positive report from the Education Scotland Annual Engagement Visit at the June board meeting. The report highlighted high levels of student satisfaction and positive outcomes across a number of areas at being above sector averages.

3.3 Board Accountability

Board decision making is transparent and rigorous, and decisions are made in the spirit of collective responsibility. The Chair effectively summarises board discussion and agreed actions.

Board agendas are well structured, and papers are high quality and support strategic decision making, although the volume of papers should be kept under review. Given the volume and complexity of board papers consideration should be given to the use of a board 'portal' to help members manage their board and committee papers.

All committees have Terms of Reference in place. There is effective communication and an appropriate level of trust between board and committees who deal with the substantive issues and scrutinise on behalf of the board. The committee chairs provide a written report to the board highlighting key issues for board attention.

There is a review of each meeting at the end to reflect and check that the meeting has been conducted in line with the terms of reference.

The Governance Manuals for Perth UHI are published on the college website and have recently been updated to reflect Trade Union members joining the board.

The Governance Professional maintains a **Code of Good Governance Checklist** which indicates compliance in all areas apart from the nationally agreed *Staff Governance Standard*, which is partially compliant.

Risk Management

The board have agreed the risk appetite for the college. Members have expressed confidence in the move to an Enterprise Risk Management Model which is linked to the strategic plan and KPIs and is viewed as a more strategic and robust approach to risk management.

The Annual Internal Audit Report 2022/23 by Henderson Loggie stated

'In our opinion, the College has adequate and effective arrangements for risk management, control, and governance. This opinion has been arrived at taking into consideration the work we have undertaken during 2022/23 and in previous years since our initial appointment.'

The board takes a robust approach to financial sustainability. The Finance and Resources Committee and the board and receive reports on the Financial Sustainability Project which sets out the savings target for the college. Ensuring that the finance team have sufficient capacity to provide the financial reports that board members require has been expressed as a priority at the most recent board meeting.

3.4 Board Effectiveness

Both the Chair and the Principal are highly skilled and experienced, and they have established an effective working relationship based on mutual respect and an understanding of their respective roles and responsibilities.

The Chair effectively leads the board, encouraging open debate and teamworking and fostering an appropriate balance of constructive challenge and support to the Principal and the executive team.

The agenda for each meeting includes a review of the meeting at the end.

There is a mature relationship between the executive team and the board based on a mutual understanding of roles and respect. Board members are confident that they would receive early warning of any issues requiring board attention.

The board is supported by a highly competent and experienced Governance Professional who provides valuable advice and guidance.

The board is going through a period of transition with the loss of long standing, experienced members, and the appointment of three new members in March 2024, and two further non-executive board vacancies currently require to be filled. The board now has a new Vice Chair, a new SIM and three new committee Chairs.

Given the turnover succession planning is important. New committee Chairs are in place but following the next round of appointments a review of committee membership based on the skills mix, would be beneficial.

There is an excellent range of skills and experience on the board and there is a feeling of collaboration and teamwork. However, given this is now a relatively 'young' board in terms of tenure, measures should be considered to build the board 'team.'

The Board and Committee Meeting Schedule for 2024-25 includes four Board Development Evenings, and team building should be a feature of these sessions.

New members would benefit from the board induction training being delivered on a group basis where possible.

Newer members would welcome more opportunities to meet board colleagues in person and build relationships with fellow board members.

Members have expressed a desire more time for deeper discussion, although the committee meetings do provide a platform for more in-depth discussion.

Incoming student members attend the last meeting of the previous year, along with outgoing student members providing a useful handover which is good practice. For a number of reasons student member attendance at board meetings over the last year has not been consistent. This has been noted and looking forward to the next academic session members are keen to encourage full student member engagement.

3.5 Relationships and Collaboration

The UHI Perth Strategic Plan 2022-27 was developed through extensive collaboration with staff, students, and other key stakeholders. 'Partnership and Collaboration' features in the college vision, with a strategic objective focussed on 'Relationships.'

As reported above the board are fully engaged with UHI Target Operating Model. The Chair and the Principal provide regular updates and the Chair of the UHI Court attends UHI Perth board meetings as an observer providing an opportunity for discussion and debate.

4 RECOMMENDATIONS

1	<p>Building the Board Team</p> <p>This is a ‘young’ Board with a high proportion of relatively new members, and a further two new non-executive members to be recruited.</p> <p>Building the new Board ‘team’ requires careful planning and consideration should be given to</p> <ul style="list-style-type: none"> • building the confidence of newer members, encouraging them to have a voice and use their skills and experience to provide constructive challenge and support • enabling newer members to develop their understanding of the sector and the current challenges • creating space for members to get to know each other and build effective working relationships • consider board induction training being delivered on a group basis
2	<p>Succession Planning</p> <ul style="list-style-type: none"> • Review committee membership following the next board appointments
3	<p>Board Papers</p> <ul style="list-style-type: none"> • Keep the volume of papers under review • Given the volume and complexity of board papers consideration should be given to the use of a board ‘portal’ to help members manage their board and committee papers.

5 ANNEX 1

5.1 Document Review

1. UHI Perth Governance Manual
2. Committee Terms of Reference
3. Board Agenda and Papers December 2023 and June 2024
4. Internal Audit Reports
5. Board member tenure, committee membership
6. Board EER Action Plan - Reviewed June 2021
7. Code of Good Governance Checklist (September 2023)
8. Risk Appetite Statement
9. Risk Report November 2023
10. UHI Perth 2022-27 Strategic Plan

Footnote

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

Committee Cover Sheet

Paper No. 10

Name of Committee	Board of Management
Subject	UHI Perth Board External Effectiveness Review 2024 – Final Report
Date of Committee meeting	23/10/2024
Author	Candy Munro, CDN
Date paper prepared	16/10/2024
Executive Summary Please provide a concise summary of the Paper outlining the purpose, impact and recommended future actions if approved	<p>Paper presented is the Final Report of the recent UHI Perth Board External Effectiveness Review 2024.</p> <p>Board is required under the Code of Good Governance for Scotland’s Colleges to undertake an External Effectiveness Review every 3-5 years.</p> <p>Previous Review for Board of UHI Perth was tabled for approval at Board meeting of June 2020.</p> <p>Review includes recommendations for further improvements for the Board.</p>
Committee Consultation Please note which Committees this paper has previously been tabled at, and a brief summary of the outcomes/actions arising from this.	Presented to Chairs Committee for comment.
Action requested	<input type="checkbox"/> For information <input type="checkbox"/> For discussion <input type="checkbox"/> For endorsement <input checked="" type="checkbox"/> For approval <input type="checkbox"/> Recommended with guidance (please provide further information, below)

Committee Cover Sheet

<p>Strategic Impact</p> <p>Please highlight how the paper links to the Strategic Objectives of UHI Perth or the UHI Partnership: Strategic-Plan-2022-27.pdf</p> <p>If there is no direct link to Strategic Objectives, please provide a justification for inclusion of this paper to the nominated Committee.</p>	n/a
<p>Resource implications</p> <p>Does this activity/proposal require the use of College resources to implement?</p> <p>If yes, please provide details.</p>	No
<p>Risk implications</p> <p>Does this activity/proposal come with any associated risk to UHI Perth, or mitigate against existing risk?</p> <p>If yes, please provide details.</p>	No Click or tap here to enter text.
<p>Equality & Diversity</p> <p>Does this activity/proposal require an Equality Impact Assessment?</p> <p>If yes, please provide details.</p>	No
<p>Data Protection</p> <p>Does this activity/proposal require a Data Protection Impact Assessment?</p> <p>If yes, please provide details.</p>	No Click or tap here to enter text.
<p>Island communities</p> <p>Does this activity/proposal have an effect on an island community which is significantly different from its effect on other communities (including other island communities)?</p>	No If yes, please give details: Click or tap here to enter text.

Committee Cover Sheet

Status (ie confidential or non-confidential)	Non-Confidential If a paper needs to remain confidential for a prescribed period of time before being made 'open', please advise how long must the paper be withheld: Click or tap here to enter text.
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Freedom of Information

Please note that **ALL** papers will be included within 'open' business unless a justifiable reason can be provided.

Please select a justification from the list, below:

Its disclosure would substantially prejudice a programme of research	<input type="checkbox"/>	Its disclosure would substantially prejudice the effective conduct of public affairs	<input type="checkbox"/>
Its disclosure would substantially prejudice the commercial interests of any person or organisation	<input type="checkbox"/>	Its disclosure would constitute a breach of confidence actionable in court	<input type="checkbox"/>
Its disclosure would constitute a breach of the Data Protection Act	<input type="checkbox"/>	Other [please give further details] Click or tap here to enter text.	<input type="checkbox"/>

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

Board of Management

Minutes

Meeting reference: Board 2024-25/01

Date and time: Wednesday 23 October 2024 at 5.00pm

Location: ASW (Room 961)

Members present: Graham Watson, Chair, Board of Management
Jenny Hamilton, Board Member
Chris Lusk, Board Member
Debbie McIlwraith-Cameron, Board Member (from Item 7.3)
Elaine Piggot, Board Member
Ian Robotham, Board Member
Derek Waugh, Board Member
Alistair Wylie, Board Member
Margaret Cook, Principal & Chief Executive
Patrick O'Donnell, Staff Board Member
Xander McDade, Student Board Member
Andi Garrity, Student Board Member
Ronnie Dewar, Trade Union Board Member

In attendance: Lynn Murray, Depute Principal (Operations)
Gavin Stevenson, Director of Finance
Ian McCartney, Clerk to the Board of Management

Apologies: Mary Fraser, Board Member
Jenni Harrison, Board Member
Winston Flynn, Trade Union Board Member
Lorenz Cairns, Depute Principal (Academic)

Chair: **Graham Watson**

Minute Taker: Ian McCartney

Quorum: 9

UHI Perth is a registered Scottish charity, number SC021209

We will act with integrity in everything we do

Student Centred + Innovative + Ambitious + Respectful + Inclusive + Collaborative

Current Action Log

Initial Meeting date	Topic	Action	Owner
17 October 2023	Development Trust	Board to receive process update re winding up of Development Trust	Principal
23 October 2024	Chair's Report	Board to be provided with update re progress on OBC	Chair
23 October 2024	Principal's Report	Principal to issue comms to internal and external stakeholders re Colleges Scotland submission to Scottish Government re draft budget	Principal
23 October 2024	Draft Budget	Board to receive 3-year Cashflow as soon as possible to enable Board to articulate requirements for funding	Director of Finance
23 October 2024	Draft Budget	Board to discuss levers available and bigger picture around wider problems that may or may not be resolved via OBC	Board
23 October 2024	Draft Budget	Budget to be approved pending additional work per above	Board
23 October 2024	Draft Budget	Communicate key funding issues to UHI and SFC	Chair
23 October 2024	Pension Strain	Board to be provided with actual vs assumed Pension Strain costs (budgeted as a %age)	Director of Finance
23 October 2024	Annual H&S Report	Volunteer info re Board H&S Champion to be circulated	Clerk
23 October 2024	External Effectiveness Review	Development Plan to be compiled and circulated	Clerk
23 October 2024	Balanced Scorecard	Time to be found to analyse in more detail – possible use of Board Development Evening	Clerk

MINUTES

Item		Action												
1.	<p>Welcome and Apologies</p> <p>Chair welcomed everyone to the meeting and noted apologies.</p>													
2.	<p>Additions to the Agenda</p> <p>Board noted the formal approval of the Audited Accounts and Financial Statements had taken place at the Board Development Evening on Thursday 26th September 2024 to enable these to be lodged with SFC via UHI.</p> <p>The formal record of this process is noted under Addendum A of these minutes, listed as Item 14.</p>													
3.	<p>Declaration of Interest in any Agenda Item</p> <p>There were no Declarations of Interest noted.</p>													
4.	<p>Minutes of Extraordinary Board of Management meeting, 05 June 2024</p> <p>The minutes were APPROVED as an accurate record of the meeting.</p>													
5.	<p>Minutes of Board of Management meeting, 06 June 2024</p> <p>The minutes were APPROVED as an accurate record of the meeting.</p> <p>Chair noted that it would be useful for Board to receive a reconciliation of the actual savings vs the £3.2m approved by Board to monitor what has and will be achieved.</p>	SLT												
6.	<p>Matters Arising</p> <table border="1"> <thead> <tr> <th>Initial Meeting date</th> <th>Topic</th> <th>Action</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>17/10/2023</td> <td>Development Trust</td> <td>Board to receive process update re winding up of Development Trust</td> <td>Remains Ongoing</td> </tr> <tr> <td>14/12/2023</td> <td>Approval of Accounts</td> <td>Extraordinary Board meeting to be organised early in 2024 to scrutinise and approve Financial</td> <td>Completed 26/09/2024</td> </tr> </tbody> </table>	Initial Meeting date	Topic	Action	Status	17/10/2023	Development Trust	Board to receive process update re winding up of Development Trust	Remains Ongoing	14/12/2023	Approval of Accounts	Extraordinary Board meeting to be organised early in 2024 to scrutinise and approve Financial	Completed 26/09/2024	
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	Statements & Audited Accounts	
7.1	<p>Chair's Report</p> <p>Chair noted the follow-up information circulated to Board Members around the Target Operating Model.</p> <p>Chair thanked all concerned regarding the recent successful Graduation event, despite the inability to parade through the city.</p>	
7.2	<p>Principal's Report</p> <p>Principal summarised Paper 3, noting that discussions would be taken forward around what may replace the Graduation Procession in future years.</p> <p>Principal advised that there had been limited work since September around the UHI OBC, although a Transition Board was schedule for next week.</p> <p>Principal noted that UHI partners had failed to collectively purchase and HR & Payroll system as previously noted, and updated Board on the current position around Pay Awards</p> <p>Chair queried whether there had been any local input to the College's Scotland submission to Scottish Government re the draft Budget. Principal agreed to issue comms to internal and external stakeholders.</p> <p>Board Member suggested it would be useful for Board to be updated on a regular basis re UHI OBC given previously noted timelines. Chair agreed to provide Board with any updates re progress on OBC, noting that the most recent email issued referred to the next stage as "discussions in early November".</p> <p>Paper 3 was NOTED by the Board.</p>	<p>Principal</p> <p>Chair</p>
7.3	<p>HISA Perth Report</p> <p>Student Board Member summarised Paper 4, noting that the report was formatted to provide a UHI-wide focus with added local context.</p> <p>Student Board Member highlighted the number of class visits by HISA Perth across all subject areas, and noted an uplift in the numbers of Student Voice Reps being recruited, engaged and trained, which look to be connected.</p> <p>Student Board Member noted the work being taken forward with</p>	

	<p>Learner Experience Committee on sports and societies, and summarised a range of pre-Xmas activities to encourage engagement across campus. Processes around the OBIs are currently being reviewed.</p> <p>Chair queried plans on improving election turnout. Student Board Member advised that promotions and the voting system are being reviewed, however fundamentally the Association needs higher levels of engagement to provide a baseline for students getting involved in democratic processes.</p> <p>Paper 4 was NOTED by the Board.</p>	
<p>8.1</p>	<p>UHI Perth Management Accounts to 31 July 2024</p> <p>Director of Finance presented Paper 5 for information, noting that the accounts had been previously presented to scrutinised by Finance & Resources Committee.</p> <p>Director of Finance highlighted that the position presented includes an accrual for a back-dated Pay Award relating to Teaching Staff of approximately £1.6m.</p> <p>Board NOTED Paper 5.</p>	
<p>8.2</p>	<p>UHI Perth FFR</p> <p>Director of Finance presented Paper 6 for information, noting that this represented the Submission for 2024/25 and the subsequent two financial years.</p> <p>Director of Finance highlighted the key differences between the FFR presented and the model that was agreed at June Board, noting in particular the difference between a 2% increase in income versus the flat cash model; the removal of £200k in commercial income; and staff cost savings adjusted to take account of timing issues.</p> <p>Chair noted that the FFR was provided to meet SFC's requirements, and queried whether there was any useful purpose for the FFR locally, and whether, if OBC was using FFR as a basis for financial projections, there are likely to be some inaccuracies. Principal noted that FFR was based on assumptions provided by SFC rather than locally which does tend to skew matters, and advised that alternative versions were previously produced but these were not recognised by SFC.</p>	
<p>9.1</p>	<p>UHI Perth Budget 2024-25</p> <p>Depute Principal (Operations) presented Paper 7, noting that the £1.157m deficit prediction remained close to that presented to Finance & Resources Committee, and that SLT had been meeting</p>	

with budget holders since F&R which had revealed some additional costs as well as items to be removed from the Budget.

Depute Principal (Operations) identified main reasons for Budget not breaking even to be an approx. £800k shortfall in student numbers (equivalent to approx. 200 FTEs) and £200k International commercial income being removed. Budget reflects known position re VS but not those posts still undertaking individual consultation, a figure of approx £500k.

Depute Principal (Operations) noted that non-staff costs around IT and Estates had not been heavily reviewed due to potential impact on the student experience, and there is a need to invest in systems to assist in efficiencies.

Board Member queried whether cost benefit analysis of systems would identify reduced costs in other areas, citing the example of the recently-shelved HR and Payroll joint system. Principal advised that each of the 4 partners involved in that system would have been implementing new systems on their own and had the single-service solution been implemented there would have been significant economies of scale released.

Board Member queried whether the Estates Maintenance costs were related to a Conditions Survey. Depute Principal (Operations) advised that the current Survey had been produced over 2 years ago and was funded by SFC. The Director of Estates was implementing a new system to address the tracking of maintenance and repairs. Depute Principal (Operations) additionally advised that Perth Leadership Group had been engaged in an exercise looking at room usage across the campus to consider the impact on non-utilised rooms on teaching and staff capacities, and IT suites are a focus within this exercise.

Board Member queried whether there was any sight on whether the Top-Slice was producing value for money for UHI Perth. Board Member expressed alarm that the College was looking to take out a £1.8m loan over 5 years given the current Risk Appetite in this area, and couldn't reconcile this against a deficit Budget.

Chair noted that the previous Board had approved a £3.2m savings plan which projected a £420k surplus over time, but the Budget for the current year was projecting a £1.2m deficit with £800k of this made up of student numbers. There appeared to be a consistent over-estimation of student numbers that the College is unable to deliver, which provides an unrealistic assessment of where the College is as the £3.2m savings were agreed in order to right-size the business and return to a break-even position. Chair further noted that the College can't keep producing deficit budgets.

Staff Board Member queried whether Part-Time Student numbers

were still to be added to these figures so the figures reflected the best-case scenario. Principal clarified that the figure was based on absolute numbers to October and estimates thereafter.

Student Board Member expressed concern that the College would return to the curriculum to cut costs, as there are already pressures on capacity and this will have an impact on student retention – the focus should be on the Top Slice instead. Chair advised that the College does not currently have levers to pull regarding the Top-Slice.

Board Member queried whether cuts had been made in the right places to help invest in areas such as IT and the student experience. Principal advised that there were no surplus staff in any area of the College and the tipping point was being approached in terms of functionality.

Board Member asked whether the business model being used was the current one for the size of the business. Depute Principal (Operations) noted that overall costs were too high, but the College is at the bare bones in terms of non-staff costs, and PLG have looked at mitigations.

Board Member noted that the £3.2m savings contained various assumptions and queried whether Appendix 1 as provided is effectively the new plan for this. Chair noted that the £3.2m savings is based on higher HE numbers than the Budget shows, and over 3 years. Chair also noted that the College makes money from FE and loses in HE, but there is no breakdown of these figures – if the College are not making money from HE why are we doing it? Principal advised that there are a variety of factors involved in answering that. HE numbers are clearly a concern and continuation of trends will impact on future planning and will shrink UHI Perth, and UHI, as an organisation.

Chair noted that there was no material change from the position presented at F&R and asked whether there was any likelihood to turn the position to break-even over the next 3 years as if not this needs to be communicated to UHI and SFC as additional funding will be required. Principal advised that there are some figures around contracts and timesheets that there will be some flexibility around, and while the Budget reflects the current position this will be regularly reviewed going forward.

Board Member queried why staff numbers were not being reduced in line with the drop-off in student numbers. Principal noted that there is a requirement for run-out in courses that may be removed. Board Member noted that projections for these instances would be useful.

Student Board Member queried whether there was any scope for

<p>alternative options, such as private courses. Depute Principal agreed that this is an option, however cautioned that employers are very reluctant to pay for these.</p> <p>Board Member expressed concern at how quickly the position has moved for the worse since the June Board passed the savings plan, and would not be comfortable passing a Budget that cannot provide assurances that the scenario cannot be resolved over the next 3 years.</p> <p>Chair queried the impact on cashflow, based on the 3-year Budget. Director of Finance noted that a cashflow had not been projected beyond 2024/25. Chair noted that there needs to be honest conversations with UHI and SFC regarding the College's budget positions and cashflow requirements going forward.</p> <p>Board Member suggested it would be useful to receive detail on the numbers of staff removed from the payroll and the numbers still within this process. Principal noted that the Board had approved this process to be completed by end of Academic Year 2024/25 and the College was still on track to achieve this. Board Member responded that a different picture is being proposed that the Board needs cognisance of.</p> <p>Chair queried how long a 3-year cashflow forecast would take to produce as this will be required for insight around additional funding requirements. Director of Finance advised that this could be provided early next week, however the College remained in the dark around terms and conditions for any additional funding.</p> <p>Board Member advised that it feels like there are limited options for the College other than seeking additional funds from the Government. Board Member agreed, but expressed concern that the focus remains simply on removing deficits rather than seeking more fundamental solutions as the HE market has changed massively over the last 3 years.</p> <p>Chair summarised the discussion and noted the following actions:</p> <ul style="list-style-type: none"> • Board to receive 3-year Cashflow as soon as possible to enable articulation of requirements for funding • Board to discuss levers available and bigger picture around wider problems that may or may not be resolved via OBC • Chair to communicate key funding issues to UHI and SFC <p>Board was unable to approve UHI Perth Budget 2024/25 pending additional work actioned. Budget to be approved online, subject to pending additional work noted above.</p>	<p>Director of Finance</p> <p>Board</p> <p>Chair</p> <p>Board</p>
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<p>9.2</p>	<p>Pension Strain</p> <p>Principal presented Paper 8 for approval, noting that the approximate strain cost has been assessed as £620k rather than the £470k figure noted in the Paper.</p> <p>Chair observed that there seemed little option for the Board other than approving the Paper, however this would need to be in principle until the terms of the loan agreement were seen.</p> <p>Board Member expressed surprise that Pension Strain costs were not highlighted in the original proposal paper given the additional risk around cashflow this creates, and that Board should have received clarity around whether these costs were included in cost/benefit calculations.</p> <p>Principal noted that that individual Pension Strain costs cannot be predicted in the same way as calculations linked to VS, and clarified that Strain costs were included in the overall calculations around cost/benefit.</p> <p>Board APPROVED Paper 8 in principle pending loan agreement terms.</p> <p>Board to be provided with actual vs assumed Pension Strain costs, with budgeted costs presented as a percentage.</p>	<p>Director of Finance</p>
<p>9.3</p>	<p>Annual Health & Safety Report</p> <p>Principal presented Paper 9, noting that the Annual H&S Report requires formal approval.</p> <p>Board Member queried the value for money around the confidential counselling service for employees. Principal clarified that a new contract for that service was being negotiated.</p> <p>Board Member queried the current position of the Board H&S Champion. Clerk noted that this position had been vacant since a Board Member resignation and no volunteer had been recruited during the Board Review over the summer. Clerk to circulate information.</p> <p>Board APPROVED Paper 9.</p>	<p>Clerk</p>
<p>9.4</p>	<p>UHI Perth Board of Management External Effectiveness Review</p> <p>Clerk presented Paper 10, noting the addition of a Board Statement to the original draft as previously agreed</p> <p>Clerk added that the next phase after approval of the report was to pull together a Development Plan to implement the</p>	<p>Clerk</p>

	<p>recommendations.</p> <p>Board APPROVED Paper 10.</p>	
9.5	<p>Review of Scheme of Delegation and Committee Terms of Reference</p> <p>Clerk presented Paper 11, noting that Board had a mandatory requirement to review the Scheme of Delegation on a regular basis.</p> <p>Clerk advised that the majority of changes relating to the various Terms of Reference were nomenclature-based, and highlighted the other amendments provided.</p> <p>Board Member noted 2 minor amendments that would be corrected by Clerk. Subject to these amendments being made, Board APPROVED Paper 11.</p>	
10.1	<p>Balanced Scorecard</p> <p>Depute Principal (Operations) presented Paper 12 for information, noting that some targets for this year had still to be finalised.</p> <p>Board expressed a desire for time to be found to analyse the Scorecard in more in more detail, either by elevating the paper higher up the agenda, or through dedicated time being allocated during a Board Development Evening. Clerk to action.</p> <p>Board NOTED Paper 12.</p>	Clerk
11.	<p>Standing Committee Summaries</p> <p>Board received summaries from the Chairs of each Standing Committee and NOTED the following minutes:</p> <ul style="list-style-type: none"> • Chairs Committee – 27 August 2024 • AST Board – 04 September 2024 • Learner Experience Committee – 11 September 2024 • Strategic Development Committee – 17 September 2024 • Finance & Resources Committee – 26 September 2024 • Audit Committee – 09 October 2024 	
12.	<p>Date & Time of Next Meeting</p> <ul style="list-style-type: none"> • Wednesday 18 December 2024 @ 5:00pm 	

13.	<p>Review of Meeting</p> <p>Board confirmed that the meeting had been conducted in line with the Terms of Reference.</p>	
14.	<p>ADDENDUM A</p> <p>Approval of Audited Accounts 2022/23 and UHI Perth Group Financial Statements 2022/23 on Thursday 26th September 2024</p> <p><u>Present:</u> Graham Watson, Chair, Board of Management Mary Fraser, Board Member Jenni Harrison, Board Member Chris Lusk, Board Member Elaine Piggot, Board Member Ian Robotham, Board Member Derek Waugh, Board Member Margaret Cook, Principal & Chief Executive Patrick O'Donnell, Staff Board Member Xander McDade, Student Board Member Andi Garrity, Student Board Member Winston Flynn, Trade Union Board Member</p> <p><u>In attendance:</u> Lorenz Cairns, Depute Principal (Academic) Gavin Stevenson, Director of Finance Ian McCartney, Clerk to the Board of Management</p> <p><u>Apologies:</u> Jenny Hamilton, Board Member Debbie McIlwraith-Cameron, Board Member Alistair Wylie, Board Member Ronnie Dewar, Trade Union Board Member Lynn Murray, Depute Principal (Operations)</p> <p>Chair noted that, per the College's Financial Memorandum, the Annual Accounts and Financial Statements had been endorsed by a Joint Meeting of Finance & Resources and Audit Committees at a meeting on 26th September, and were presented for approval by the Board of Management.</p> <p>The Financial Statements were noted as providing an assessment of the College's financial position for the year ending 31 July 2023 and have been completed in compliance with the Account's Direction for Colleges and with the Code of Good College Governance.</p> <p>Board noted the small number of changes advised to the Joint Committee and APPROVED the 2022/23 Annual Accounts & Financial Statements subject to these changes, and authorised the signing of the Letter of Representation on the same basis.</p>	

Information recorded in College minutes are subject to release under the Freedom of Information (Scotland) Act 2002 (FOI(S)A). Certain exemptions apply: financial information relating to procurement items still under tender, legal advice from College lawyers, items related to national security.

Notes taken to help record minutes are also subject to Freedom of Information requests, and should be destroyed as soon as minutes are approved.

Status of Minutes – Open

An **open** item is one over which there would be no issues for the College in releasing the information to the public in response to a freedom of information request.

A **closed** item is one that contains information that could be withheld from release to the public because an exemption under the Freedom of Information (Scotland) Act 2002 applies.

The College may also be asked for information contained in minutes about living individuals, under the terms of the Data Protection Act 2018. It is important that fact, rather than opinion, is recorded.

Do the minutes contain items which may be contentious under the terms of the Data Protection Act 1998? **Yes** **No**

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The Educational
Institute of Scotland

Richard Leonard MSP
MSP for Central Scotland (Region)

Ref: REF SCASUHI
12 December 2025

By email only

Dear Richard

We note the Public Audit Committee continues to hear evidence re UHI Perth.

EIS-FELA have a number of questions and concerns regarding the historic situation at UHI Perth and the implications for the ongoing UHI transformation. We have outlined these below.

- The EIS-FELA and UNISON Branch Reps sent a letter on behalf of all staff to the Board of Management (attached) highlighting a range of concerns in relation to the incompetence of the leadership. Many staff (into 100s) signed a petition supporting this letter as there was such concern about the decisions being taken by senior leadership. There was no immediate acknowledgement of the letter and a response had to be chased. When a response was received (attached), it was dismissive and appears no action was taken based on the concerns raised - although the letter covers a range of issues it did query issues around the College finances. The response was sent to the UHI Court Secretary therefore UHI Court/Regional Strategic Body must have been aware of these concerns raised yet, again, they did not to take any visible action. Why was this letter and concerns raised not taken more seriously?
- Conflict on Interest – the Chair of the UHI Perth Board of Management was also Chair of Board for Air Service Training (AST). Why was one person allowed to Chair both? There is no governance apparent for subsidiary companies from UHI, SFC or Scottish Government.
- Inaction of UHI Court/Regional Strategic Body (RSB) – there was an apparent lack of action as the situation at UHI Perth was allowed to continue for so long. As well as the above letter being known to them, the Chair of Court (Alastair MacColl) was observer of UHI Perth Board meetings so would know what was happening therefore why did UHI Court/RSB not do more? It would bring into question the competence of UHI as the RSB - questions need to be

asked of Chair of Court and Principal and Vice Chancellor (Vicki Nairn) as to their role and why the lack of action to intervene. Was the Chair communicating concerns to Court/RSB? What was Court/RSB's response? No visible action was apparent and situation was allowed to continue to escalate which led to a worsening financial situation. Were SFC aware at all?

- The whole purpose/role of the UHI RSB needs looked into given this situation was allowed to escalate as it did. In a climate where finances are very tight, UHI Perth pay a 'topslice' (share) of FE funding to pay for the RSB yet it does not seem to be doing what it should in terms of ensuring effective leadership and governance within the UHI Colleges. If UHI Perth reported directly to SFC (as other Colleges do) and not via UHI RSB would SFC not have intervened earlier? Is there not a conflict of interest in UHI as RSB and a fundable body?
- We are particularly concerned over UHI's apparent lack of governance, scrutiny, oversight given their proposal to merge six UHI colleges into UHI as a 'single tertiary institution' (ie University). How could we be assured these are the right people ensuring appropriate governance?

Yours sincerely

Sarah Collins
National Officer for Further Education
Educational Institute of Scotland

Callum McCormick, EIS-FELA

Sara O'Hagan, EIS-FELA

Jane Edwards, UNISON

Winston Flynn, UNISON

Ben Myles, UNISON

cc Board of Management, UHI Perth
Sheena Stewart, University Secretary, UHI

12 June 2024

Dear EIS-FELA and UNISON representatives,

On behalf of the Board of Management of UHI Perth, I write further to your letter of 17 May 2024 ("Letter") and am grateful to you for your continued interest in the future of UHI Perth.

Having taken appropriate counsel from the Vice Chair and Senior Independent Board Member, I have now had the opportunity to consider more fully the terms of the Letter and note that many of the points you raise/questions you ask relate to operational matters. It is, therefore, appropriate that these points, along with any requests for further information in respect of potential staffing numbers and the proposed business case in respect of possible changes, should be raised as part of ongoing consultation processes.

In the meantime, I can confirm that at the Board's request, Margaret Cook has reported to the Board regularly over the past year regarding the options and proposals for right-sizing the College to respond to the funding challenges faced from flat cash SFC settlements during a period of price inflation and wage claims. The Board also has oversight of the financial position of the College, which is driving the need to consider significant changes in the way the College delivers for its students. Accordingly, the Board is fully aware of the context in which operational decisions regarding staffing numbers are being taken. The Board is satisfied that the correct processes are being followed in respect of the College considering potential reductions in staff numbers and consulting with EIS-FELA, UNISON and College staff regarding this.

Yours sincerely,

Graham Watson
Chair, Board of Management, UHI Perth

Friday 17 May 2024

Dear Chair, Vice Chair and Independent Board Members
(Board of Management UHI Perth)

EIS-FELA and UNISON Representatives send this letter on behalf of our members, the staff at UHI Perth, to inform you of a vote of No Confidence. This vote of No Confidence relates to Dr Margaret Cook (Principal and Chief Executive) regarding serious concerns about her ability to effectively lead UHI Perth. There are a number of reasons why staff felt this vote of no confidence was necessary, some of which are outlined below. Trade Union Representatives would like a meeting with you all (the Chair, Vice Chair, and Independent Members of the Board) as soon as possible to discuss our concerns in greater detail. These concerns relate both to the current consultation around financial sustainability and in general the leadership at UHI Perth. We believe neither the consultation paper nor leadership demonstrate that students are always 'at the heart of all we do'.

The length of time taken by Senior Leadership to begin the current consultation in regard to financial sustainability demonstrates a lack of effective decision making. Over the last year, the College has faced increasing uncertainty and instability. The loss or deterioration of key student services and the departure of many valued colleagues have caused a steep decline in staff morale, damaged the fabric of the college, and harmed its reputation in the community. Despite these difficulties, the staff have continued to provide an outstanding experience to our students, reflected in the recent Education Scotland report and successful student recruitment. Notably it has taken nearly a year for similar, but arguably more damaging, proposals to be put forward for consultation after initially releasing proposals in May 2023. Months passed before the workstreams commenced, when Senior Leadership passed responsibility for the majority of the work to management below them. This shirking of responsibility has led to staff having no confidence in the current Principal at UHI Perth and we ask the Board to intervene.

These latest proposals from our Senior Leadership Team - including the closure of our nursery, the removal of course provision, attacks on the terms and conditions of lecturers, the reduction in our library service and the loss of yet more academic and professional services colleagues – have deepened fears about the future of the institution. Taken as a whole, these proposals reflect a complete absence of strategic leadership at the centre of the College. They contain no clear vision for the future of our College except that of a diminished student experience, fewer courses, overworked and undervalued staff and a shrinking campus. This absence of strategic leadership has led to staff having no confidence in the current leadership at UHI Perth and it is now the responsibility of the Board to intervene.

Trade Union Representatives and staff have grave concerns over the current consultation process. Information that is essential to meaningful consultation has not been provided timeously (we still await sight of EQIAs, risk assessments and other financial information). This has prevented full and frank discussion and exploration of possible alternatives which may be less damaging to the future of UHI Perth's

students and staff taking place. The consistent reiteration of only meeting 'statutory' obligations has added to staff concerns.

The sharing of required information with staff has also been inadequate despite the Principal stating information would be shared with staff at a staff consultation. It is stated in the consultation paper that FAQs will be updated at least once per week but a link to FAQs was communicated to staff over two weeks after consultation commenced. This lack of openness and transparency has led to staff having no confidence in the current leadership at UHI Perth and we ask the Board to intervene.

The lack of clarity around financial figures related to each proposal is very concerning as there is no confidence that the proposals actually equate to the reduction of £3 million stated in the consultation paper. At a staff consultation meeting, the Depute Principal - Operations explained that the £3 million related solely to the proposals in the current consultation paper and that figures related to previous changes were still being worked through. This is highly concerning as staff left on enhanced voluntary severance as long ago as August 2023; staff assume the costs/savings related from all previous changes would be known and available at this point. It leads to questions regarding the accuracy of any calculations related to the expected savings from the current proposals, a full breakdown of these calculations have still not been made available to Trade Union Representations or staff. In addition, the College have had no Head of Finance or permanent Finance Manager in post for a lengthy period of time and, in addition, one of the Business Partners is leaving/has left. The Head of Finance and Finance Manager posts have been advertised but no appointments to these roles have been made. It seems unlikely that with such reduced capacity the Finance Team are able to complete all operational tasks and accurately calculate all figures related to the current proposals. In addition, the team would be required to calculate costs/savings in relation to any alternative proposals in the very tight timelines allowed when working to the statutory 30 day consultation period. The fact consultations continue despite key roles remaining vacant within the Finance Team has led to staff having no confidence in the current leadership at UHI Perth and we ask the Board to intervene.

We recognise the financial challenges that our College and all Colleges in Scotland face. In the face of these challenges, effective leadership and clear direction become even more vital. Guiding the College through these periods requires that students and staff have faith and confidence in the individuals tasked with giving that leadership. Unfortunately, our faith and confidence in our Principal has been harmed beyond repair. As a result, we declare our complete lack of confidence in her ability to continue in her role and ask the Board to intervene.

A lack of consideration to the impact these proposals would have on our students is evident. Students were provided no information about the proposals and no offer was made to meet with students. The only reason details of the proposal are now known to students is down to the persistence of a student(s) who would not stop until their demand to have a copy of the consultation paper was met. In addition, it has taken a petition and very public campaign by students for the Principal and Depute Principal to agree to meet with students and arrange an all-student meeting. Parents of children who attend the nursery, most of whom are students or staff, have also

had to actively request a meeting with the Principal and Depute Principal. As the meeting was about to commence, the Principal and Depute Principal insisted they would only meet with four parents, and it took a parent demanding that all parents in attendance were included in the meeting for this to be allowed. This does not demonstrate that 'students are always at the heart of all we do' and has led to staff having no confidence in the current leadership at UHI Perth and we ask the Board to intervene.

These proposals have a heavy focus on cuts to academic services, having already seen a reduction in both academic staff and management due to previous rounds of Enhanced Voluntary Severance, these further proposed cuts will be very damaging to our students' experience. This heavy focus on academic cuts is clearly demonstrated in the proposed new structure for the Perth Leadership Group. Out of the eight proposed Director roles, only two will oversee academic teams yet the purpose of UHI Perth is to provide academic learning, teaching and research. This also means 25% of the Directors oversee 94% of the activity generating income. At a time when financial sustainability and income generation is vital, staff question this proposed structure, yet it is not part of the consultation. These Director roles will be responsible for leadership of the operations of the College so it would be expected that the majority of these roles should be focused on academic provision and student experience. Comments have also been made in relation to the estate being 40% learning spaces and 60% for other activity and the focus should switch to be 60% learning and 40% other. Agreed, so why does the proposed leadership group not reflect this stance? The current proposals will see good academic managers who provide effective leadership, and have the respect of staff, either leaving the organisations or facing taking on roles which are impossible to undertake. This proposal has led to staff having no confidence in the current leadership at UHI Perth and we ask the Board to intervene.

A number of the proposed cuts in professional services are job roles which provide a service directly related to the student experience, yet some support functions barely see any, or no, changes with certain areas exempt. Why are support functions with little/no direct impact on our students' experience not experiencing further cuts enabling less detrimental cuts to be made to both academic and professional services roles who form an essential part of our students' experience? Once again, these proposals do not demonstrate that 'students are always at the heart of all we do' and has led to staff having no confidence in the current leadership at UHI Perth and we ask the Board to intervene.

Staff stress levels have increased dramatically whilst morale has drastically decreased. The latest staff survey results were due to be released, however this critical survey's findings have still not been published. The lack of transparency in relation to the stress survey results lead to the assumption UHI Perth's Senior Leadership are trying to hide the cause of high stress and low morale - which many staff feel is due to poor leadership from our Principal. Student facing staff continue to work hard to put the student at the heart of everything we do which was demonstrated through excellent student survey results and the recent public support of staff who are facing job loss through these proposals. This high level of service will however not continue to be possible, if the current leadership remain and this has led to staff having no confidence in the current leadership at UHI Perth and we ask the Board to intervene.

We note that the College staff have previously – and on more than one occasion – made their feelings known on this issue. We expect that the Board of Management will, on this occasion, take these concerns seriously. As the Board of Management's Vision is focused on ensuring 'customers and students are always at the heart of all we do' we are confident you as members of the board will want to act to ensure UHI Perth has effective leadership. This means discussing the points above at a meeting of the whole board and providing a response to the staff. Anything else would constitute a dereliction of duty.

We anticipate an early response in order to arrange a meeting with you to further discuss the concerns raised in this letter.

Yours faithfully

EIS-FELA & UNISON Representatives and the Staff of UHI Perth

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Dear Sirs,

Thank you for your time on Wednesday the 3rd of December 2025 and for extending an invitation to add further comment in writing.

Having reflected on our meeting I thought it would be worthwhile expanding on a couple of areas and adding a summary.

1. What Does a Perth Budget at Board Level Look Like?

The Board of Management (BoM) would receive the following information for a budget:

	22/23 Forecast	23/24 Budget	Change
Income	£	£	£
Staff Costs	£	£	£
Non-Staff Costs	£	£	£
Surplus/(Deficit)	£	£	£

The income statement would be accompanied by comments (written and verbal) detailing:

- a) Assumptions used e.g. rate of salary increase, inflation rate etc.
- b) A detailed split of income in the same format as above.
- c) An explanation of any changes (variances) shown between the two years.
- d) Any risks to achieving the budget.
- e) Normally a budget will roll up to within £100,000 of where we want it to be (breakeven) and so comments would be added on adjustments made to get to the breakeven budget presented to the BoM. This is a very important requirement as the BoM must have an understanding and confidence in how the Senior Management Team will achieve the budget.

2. What Did the Forecast Given to the Perth BoM in December 2022 Look Like?

The Board of Management received the following information in December 2022:

	22/23 Forecast	23/24 Forecast	Change
Income	£	£	£
Staff Costs	£	£	£
Non-Staff Costs	£	£	£
Surplus/(Deficit)	£	£	£

The income statement was accompanied with comments covering (written and verbal) the following:

- a) Assumptions used e.g. rate of salary increase, inflation rate etc.
- b) A detailed split of income in the same format as above.

- c) An explanation of any changes (variances) shown between the two years.
- d) Normally a budget will roll up at within £100,000 of breakeven. The forecast showed that the College were facing an operating deficit of around £2,000,000. This level of deficit would be catastrophic and mean that the college would run out of cash and be insolvent.

It is clear from above that, from a form a presentation and information perspective, there is no difference between a budget and a forecast at BoM level. The BoM have confirmed that the Forecast information they received in December 2022 gave them clarity around what would happen if action wasn't taken.

3. Why Didn't Perth Have a Budget?

Although this point was discussed in the meeting on December 3rd, I believe it is worth revisiting.

There was no decision point not to have a budget, it was simply a consequence of Perth not having a plan to allow a budget to be formed.

At a high level, the solution for Perth was straightforward. As over 75% of the costs were staff costs then at least 95% of the £2,000,000 would have to come from staff reductions (the 25% non-staff costs have limited scope for reduction as they are fixed cost or semi-fixed cost). As staff reductions, by department, could not be determined then a budget could not be created. However, staff reductions require significantly more steps than just adding them into a budget, you have to:

- a) Consult with Unions,
- b) Consult with staff,
- c) Prepare revisions,
- d) Go back through A and B again,
- e) Go through C again
- f) Present the budget, with the steps noted at 1 above to obtain BoM sign off.

In our meeting on the 3rd of December there was a question about why all other colleges had created a budget, but Perth had not. The answer to this question could be varied and while I set out some of the possible reasons below, they are not exhaustive:

- a) Some colleges did not see a deficit to the catastrophic level of Perth as they had made cost reductions in the years leading up to the cut in college funding. This allowed them to create a budget in the normal way.
- b) Not all colleges have a UHI model where millions of funding is "top-sliced" to fund a headquarters.

- c) Budget methodology. Budgets can be created in a number of ways. A “top-down” budget is created the same way as a forecast. This would be a very easy way to balance the books as you don’t need a plan of action, you just reduce the staff cost value at BoM level until the Surplus/Deficit shows zero. However, the BoM would probably not have a clear plan of how the Senior Management Team planned to achieve this type of budget and there would be no ownership from budget holders. Perth prepares their budget using “bottom-up” methodology which takes four months to complete (due to non-finance staff capacity).
- d) Union participation/intervention may be very different from college to college which could have an impact on how quickly a solution can be found.

For me the key question isn’t why Perth didn’t have a budget but “why has it taken Perth, UHI and the SFC three years, and counting, to find a solution to the financial challenges set out in the December 2022 forecast?”

4. How Useful is a Budget?

Despite the December 2022 accurately setting out what would happen at Perth if a solution was not found I felt like there was a leaning towards a budget being a more informative tool. I would add the following thoughts for your consideration.

- a) The budget would have rolled up at the same numbers as the forecast.
- b) The budget would have identified the issue five months LATER than the forecast. This is due to the budget timetable and how long it takes to pull together.
- c) While I fully support doing budgets, they are only one tool within financial planning and do have weaknesses e.g. imagine you are one month into the new academic year and your actual results are 10% worse than budget, what do you do? Do you a) start taking action to get back on plan or b) “forecast” out until the end of the year to see if month one is a timing blip and no action needs to be taken or whether things could get better or even worse? At the BoM level the answer would always be “b” and you can see that it is the forecast that is providing BoM level information as the budget cannot answer questions about the future once it has been set. This scenario would be the same for month’s two through month eleven.

5. Having no 23/24 Budget Created Errors in the 24/25 Budget

It wasn’t discussed in our meeting but in the paperwork, there was a suggestion that not having a 23/24 budget may have caused errors in the 24/25 budget. I have never heard of a budget being created from the prior year’s budget. For me:

- a) Budgets are created from the prior year actuals plus information available for the next year e.g. legislation change, SFC guidance etc.

- b) Extensive budget models were available at Perth that staff have used for a number of years.
- c) The staff member who looked after staff and non-staff costs was still in the organisation.
- d) There is a network of FD's within UHI who are very happy to offer support and help.
- e) There is a wider College FD network who are also happy to lend support and recommendations.

In Summary

1. Perth clearly had a strong “compensating control” in place in the form of a forecast process. The forecast:
 - a) Identified the catastrophic to Perth risk five months ahead of when the budget would have come up with the same conclusion.
 - b) Eighteen months after the forecast was presented to the BoM, Perth UHI recorded a £2 million operating loss and ran out of cash, albeit they were able to secure funding. These results are exactly what was predicted by the December 2022 forecast.
 - c) The BoM and Principal agreed that the forecast gave them complete clarity of the situation.
 - d) An updated forecast was given at each BoM meeting.
2. A further financial control was the Management Book which continued to be created and issued to the BoM. This allowed the BoM to understand actual spend versus the prior year actual spend and how the 23/24 spend linked to the forecast.
3. Having no budget was a simple consequence of not having a plan of action. The key question, in my opinion, is not why there wasn't a budget but rather why it has taken Perth, UHI and the SFC three years, and counting, to find a solution to the catastrophic risk identified by the forecast in December 2022.

Thanks again for the opportunity to put some thoughts in writing. I hope you all manage to spend time with family and friends over the holidays and best wishes for the New Year.

Iain Wishart

Annexe F: Written submission from Scottish Funding Council, 17 December 2025



Scottish Funding Council
Comhairle Maoineachaidh na h-Alba

SFC written submission to Public Audit Committee: Audit Scotland's 2023/24 audit of UHI Perth

17 December 2025

About Scottish Funding Council

1. The Scottish Funding Council (SFC) is Scotland's tertiary education and research authority. We are a non-departmental public body (NDPB) established by the Further and Higher Education (Scotland) Act 2005.
2. SFC invests around £2bn annually in tertiary education, research, and innovation through Scotland's 24 colleges and 19 universities, which provides learning, reskilling, and upskilling opportunities to Scotland's learners.
3. We are also a statistical authority, and we work closely with the UK-wide Higher Education Statistical Authority (HESA), to provide data and statistics for government, decision-makers, and the wider public.

UHI Perth Governance Structure

4. The Post-16 Education (Scotland) Act 2013 introduced regional strategic bodies (RSB's) for colleges in multi-college regions to support a regional approach to the planning and funding of college provision. Where a college is assigned to an RSB, the accountability and funding relationship for the assigned college is with the RSB. There is therefore no direct accountability or funding relationship between SFC and an assigned college; instead, the RSB's relationship with its partner institutions broadly mirrors SFC's relationship with its fundable bodies.
5. UHI is the designated RSB for assigned colleges in the region, and Perth College (which trades as UHI Perth) is an assigned college. This means that SFC does not have a legal basis through which to engage directly with UHI Perth; rather, SFC's monitoring and accountability relationship is with UHI.

2023/24 Audit of UHI Perth

6. SFC acknowledges Audit Scotland's report on the 2023/24 audit of UHI Perth and welcomes the opportunity to provide evidence for the Public Audit Committee.
7. SFC and Audit Scotland engage regularly about a range of issues, including annual Accounts Direction for colleges, and our respective reports on the financial health of the college sector. Audit Scotland also notifies and engages with SFC about upcoming audit reports under section 22.



8. Institutions are required to notify SFC about a range of financial and governance issues via SFC's Financial Memorandum, which sets out our conditions of grant. SFC is therefore usually aware of issues raised in Audit Scotland's reports and will have been working closely with the institution to gain assurance and provide our support where required.
9. As set out above, SFC's funding and accountability relationship is with UHI. SFC therefore sought assurance from UHI about its role supporting UHI Perth, and we provided support to the college, including additional liquidity support via UHI. We are committed to continued constructive engagement with UHI regarding UHI Perth.
10. We also acknowledge and welcome the significant work that UHI Perth is undertaking to return to financial health, so that it can be a thriving institution for learners, employers, and the region.
11. The following sections provide further information about SFC's role in governance, financial monitoring, and the interventions we can make to support institutions.

Expectations and Monitoring of Good Governance

12. A Financial Memorandum (FM) sets out the formal accountability relationship between SFC and institutions, and the requirements with which they must comply as terms and conditions of grant. These requirements include compliance with the Code of Good FE Governance. SFC has an FM with UHI, and UHI has an FM with its partner institutions, including UHI Perth, which mirrors SFC's FM.
13. SFC launched a new approach to outcomes and assurance in 2024 via our Outcomes Framework and Assurance Model. The Outcomes Framework sets out SFC's expectations of colleges and universities in return for the funding that they receive, and the Assurance Model is the mechanism by which SFC is assured that the outcomes are being delivered so that the things that matter to students, employers, Scottish Government and other stakeholders are in place. One of our seven outcomes for colleges pertains to good governance. UHI is responsible for delivering this new approach with its partner institutions to gain assurance that the colleges are delivering these outcomes.
14. 'SFC's Expectations of Good Governance' was published in September 2025. This publication announced changes to the activities we will undertake in relation to monitoring governance, including additional monitoring to gain ongoing assurance that governance in institutions is adequate and effective. We are engaging with UHI about implementing this approach with its partner institutions.

Financial Health Monitoring

15. Financial sustainability is a condition of grant set out in the FM as well as an outcome in the Outcomes Framework. Institutions' governing bodies and management teams are therefore responsible for their institutions' financial sustainability and are required to notify us, or UHI in the case of UHI Perth, if they identify material risks to their financial viability or sustainability.
16. SFC monitors the financial health of institutions via regular financial returns and a programme of engagement. UHI undertakes this data collection and engagement in relation to UHI Perth. UHI routinely shares this information with SFC for our sector-level analysis of the financial position of colleges; for example, our Financial Sustainability reports include the position of UHI's partner institutions.

Interventions

17. There is a range of interventions SFC can take to support institutions that are experiencing financial difficulties, and we tailor these to each institution. For example, we can provide grants or cash advances to support liquidity challenges and allow time for issues to be addressed. UHI manages this responsibility in respect of its partner colleges. However, UHI engages with SFC when SFC's support is required; for example, UHI engaged with SFC regarding UHI Perth's request for liquidity support.
18. SFC has also worked with the college sector and Scottish Government to introduce new measures to support colleges. For example, in the last year, we have made further changes to our college funding distribution model that brings greater transparency, comparability, and flexibility; we published new guidance that enables colleges to retain the first £1m of any asset disposal and then 70% of any value over this; and we launched a College Transformation Framework, which provides a mechanism for colleges to undertake curriculum transformation and transition to a more sustainable footing from within existing budgets.
19. We are exploring with Scottish Government and Colleges Scotland, through the Tripartite Alignment Group whether there may be other flexibilities that could be considered to support colleges further.
20. We are committed to continued engagement with the sector, including UHI, regarding financial health and sustainability.



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17 December 2025

Mr. Richard Lenoard
Convener of the Public Audit Committee
The Scottish Parliament
Edinburgh
EH99 1SP

Dear Convener and Members of the Public Audit Committee

Reference: 2023/24 Audit of UHI Perth

The University of the Highlands and Islands serving as the Regional Strategic Body (RSB) for the Highlands and Islands, Moray and Perthshire is grateful for the opportunity to provide information and evidence in advance of the session scheduled for 7 January 2026, which the Principal and Vice-Chancellor and Chief Financial Officer will attend alongside colleagues from UHI Perth and the Scottish Funding Council (SFC)

1. Interim leadership arrangements at UHI Perth

The RSB can confirm that the information provided in UHI Perth's letter of 21 November 2025 regarding interim leadership arrangements is correct. In addition, with the recent appointment of Gail Dunn as UHI Perth's new Chief Financial Officer on 8 December 2025, the college now benefits from enhanced financial leadership and a strengthened senior team to support stability and deliver long-term sustainability. The RSB took proactive steps to support UHI Perth during this period of change, including:

- Coordinating with the SFC for oversight and support
• Assisting with interim leadership appointments to ensure stability
• Deploying a senior UHI executive for operational and strategic guidance
• Providing independent financial expertise to strengthen governance
• Offering significant support from the UHI Executive Leadership team to key college leaders.

These actions reflect the RSB's commitment to due care and its obligations in responding to UHI Perth's challenges.

2. Resignation of Mr Watson as Chair of UHI Perth:

Mr Watson resigned as Chair of UHI Perth's Board in April 2025.

Seansalair: A h-Àirdeachd Rìoghail A' Bhana-phrionnsa Rìoghail
Chancellor: HRH The Princess Royal

Prionnsapal agus Iar-Sheansalair: Vicki Nairn
Principal and Vice-Chancellor: Vicki Nairn

Taigh UHI, Seann Rathad Pheairt, Inbhir Nis, Alba IV2 3JH | UHI House, Old Perth Road, Inverness, Scotland IV2 3JH
+44 (0) 1463 279246 | vice-chancellor@uhi.ac.uk | uhi.ac.uk

Companaidh earranta clàraichte ann an Alba Àir. 148203 | Àireamh Charthannais Albannaich Chlàraichte. SC022228 | Oifis chlàraichte Taigh UHI, Seann Rathad Pheairt, Inbhir Nis, Alba IV2 3JH. A limited company registered in Scotland No. 148203 | Registered Scottish Charity No. SC022228
Registered office: UHI House, Old Perth Road, Inverness, Scotland IV2 3JH



The RSB worked closely with UHI Perth and the SFC before and after his departure, providing guidance, senior executive support, and financial expertise.

We draw attention to Mr Watson’s letter of 20 December 2024 (acknowledged 6 January 2025 and replied 21 January 2025), and subsequent correspondence (see appendix 5).

On 2 April, the RSB formally expressed serious concerns about financial sustainability, controls, delayed budget approval, and late accounts. Following Mr Watson’s resignation, the RSB acted immediately to stabilise governance—meeting with Board members, addressing concerns, and appointing an interim Chair. The new Board, supported by the Interim Principal, has since taken decisive steps to address long-standing financial issues. The SFC was kept fully informed throughout.

3. Financial oversight arrangements

The RSB confirms the accuracy of UHI Perth’s letter of 21 November 2025 regarding financial oversight. Please note that the RSB does not hold its own funds; it distributes funding on behalf of the SFC. When additional support is required, the RSB works with the SFC to ensure appropriate controls and, if necessary, secure extra funding.

As the RSB, the University is accountable to SFC for compliance with Financial Memoranda for FE and HE provision, including:

- Governance compliance with sector codes
- Proper use of public funds in line with Memoranda
- Financial sustainability and institutional viability
- Outcome delivery under SFC’s framework
- Monitoring and control through robust systems and accurate reporting
- College-specific Financial Memoranda agreed with the SFC
- Compliance with the Scottish Public Sector Finance Manual.

4. Accountability Chain

- The governing body, in this case, the UHI Perth Board of Management, of each institution is responsible for compliance
- Principals of assigned colleges have accountability to both their governing body and the SFC for proper use of funds, as required by the Public Finance & Accountability (Scotland) Act 2000
- This creates a clear chain of responsibility from Parliament through the Minister, SFC, UHI as the RSB, and down to individual college principals.

5. Distinction of Responsibilities

UHI is accountable for SFC funds for FE/HE provision, while Assigned College Boards—led by their Chair—retain responsibility for governance, legal compliance, resource management, and financial stewardship, acting in the college’s best interests and aligning with the RSB priorities.

For UHI Perth, the Board of Management holds primary responsibility for financial management and governance. As charity trustees, members must act in the institution’s best interests and comply with all legal and regulatory requirements.

6. Note on UHI Observer status at UHI Perth Board

To strengthen communication between University Court (as the RSB) and the UHI Perth Board, the Chair of Court—and more recently an independent court member—has attended selected Board meetings as an observer. This arrangement promotes understanding and collaboration across the UHI Partnership.

Observers do not participate in decisions, influence discussions, or assume governance responsibilities, and are often excluded from confidential or reserved business. Their role is purely to support communication while maintaining clear separation of governance.

At UHI Perth, attendance was authorised by the former Chair and generally limited to shared-interest items such as the UHI Transformation project. Observers frequently attended only relevant agenda items and were asked to leave during core business, strategic planning, financial matters, or recovery discussions.

7. Background to 2023/24 Audit of UHI Perth

The RSB acknowledges the significant challenges faced by UHI Perth, including sector-wide funding pressures—amounting to a 20% real-terms reduction since 2021/22—and specific operational and financial difficulties during 2023/24 and beyond. Contributing factors include the failure to set a budget, finance team capacity issues, high staff turnover, knowledge gaps, and limitations in digital systems.

In response, the RSB has strengthened oversight and support in line with its statutory obligations, including:

- Enhanced monitoring of financial performance and governance
- Collaboration with the SFC to secure additional support and liquidity
- Deployment of senior UHI executives during leadership transitions
- Provision of independent financial expertise for planning and recovery
- Ongoing engagement with UHI Perth’s leadership and board to develop robust plans.

The RSB remains committed to working proactively with UHI Perth and SFC to resolve issues and support recovery and transformation.

8. Response to the 2023/24 Audit Findings and Financial Management Improvements

The RSB acknowledges the issues highlighted in the Section 22 report and welcomes UHI Perth’s proactive steps to address them. Actions since April 2025—such as retrospective financial oversight review, approval of a revised baseline budget, improved documentation, strengthened budget processes, enhanced variance analysis, and more frequent reporting—demonstrate a clear commitment to improvement and transparency.

In parallel, the RSB has provided support and introduced additional assurance measures, including:

- Regular cashflow monitoring to maintain liquidity
- Input into the independent audit review of financial controls and governance
- An effectiveness review of governance and operational resilience
- Enhanced engagement with UHI Perth and SFC to secure long-term sustainability.

The RSB remains committed to working collaboratively with UHI Perth and SFC to ensure lessons from the Section 22 report are fully addressed and robust systems embedded for the future.

9. Budget and Financial forecasts

The RSB confirms that the information provided by UHI Perth regarding the late preparation of the 2024/25 budget and subsequent identification of a significant accounting error is correct. The circumstances described—including the resource constraints within the Finance Team, the absence of a prior-year budget, and the discovery of a £765k omission in catering costs—accurately reflect the challenges faced by the college during this period.

10. Notification Procedure

Under the Financial Memorandum and governance protocols, the notification process is as follows:

- Immediate notification to the RSB by the College Principal to the UHI Principal (as the Chief Officer of the RSB) must notify in writing without delay (same day or next working day) of any notifiable event—such as a major financial error, material non-compliance, or any issue likely to impact the college’s ability to meet commitments—detailing the issue, its impact, and mitigating actions.
- Cascade to SFC: The RSB must then inform the SFC’s Accountable Officer promptly, providing a clear description of the event, consequences, actions taken, and key contacts. This ensures timely escalation, transparency, and appropriate oversight.

In March 2025, UHI Perth notified the RSB of an accounting error, and the RSB informed SFC in line with this procedure. The matter was reported to UHI Perth’s Finance and Resources Committee and Board, and the internal audit scope was expanded to include budgeting and controls.

11. Financial Recovery Plan

The RSB confirms the accuracy of UHI Perth’s information regarding the baseline budget and Financial Recovery Plan (FRP). The baseline budget approved on 30 June 2025 projected deficits of £2.4m (2025/26), £3.3m (2026/27), and £3.9m (2027/28), with approval conditional on an FRP to achieve breakeven within three years.

The RSB welcomes the proactive measures by UHI Perth’s new leadership, including emergency spending controls, a nine-stage FRP process, and staff engagement in income and savings initiatives. The FRP underwent independent scrutiny by Henderson Loggie before Board approval on 27 August 2025 and submission to the RSB and SFC.

To strengthen the FRP, the RSB appointed a senior finance consultant with higher education expertise to provide critical analysis and recommendations on structural deficits and financial resilience, ensuring alignment with sector best practice.

The RSB remains actively engaged in monitoring implementation through enhanced oversight, regular reporting, and a Recovery Plan Monitoring Committee. We fully support the direction taken by the Interim Chair, Interim Principal, and Board in addressing these significant challenges.

12. Cashflow and Liquidity Support Requests

The RSB confirms the accuracy of UHI Perth's account of liquidity support requests during 2024/25. Factors included a 2023/24 deficit, backdated pay awards, voluntary severance costs, a deficit budget for 2024/25, a £0.8m HE grants clawback due to lower recruitment, and a catering cost error—all contributing to significant financial pressure. The RSB and UHI have worked constructively with the SFC to provide stability, including facilitating advances under SFC requirements to maintain operational continuity. Cashflow forecasts and variances have been closely monitored with timely escalation and transparency in line with agreed procedures. The RSB remains committed to supporting UHI Perth through enhanced oversight, collaboration with SFC, and provision of financial expertise to strengthen resilience and restore confidence in financial management.

Administration of Air Service Training (AST) Limited

The RSB confirms the accuracy of information regarding AST, a wholly owned trading subsidiary of UHI Perth, which entered administration on 10 April 2025 after prolonged financial challenges. Contributing factors included limited investment, location constraints, regulatory and financial pressures, and poor facilities at Scone, all of which hindered student recruitment.

AST delivered the Part 66 element of UHI Perth's BSc (Hons) Aircraft Maintenance and Engineering Management course. Its administration posed a serious risk to student progression. Independent legal advice confirmed AST operated as an autonomous commercial entity, with decisions resting solely with its Board.

The RSB and SFC response:

- Engaged immediately with UHI Perth and SFC to assess impact and secure continuity of learning
- Explored alternative UK providers; identified Resource Group as the only viable option
- Negotiated delivery arrangements despite higher costs and secured SFC funding
- Oversaw transition to maintain quality and ensure students could complete their awards.

These actions underline the RSB's commitment to protecting student outcomes and working collaboratively to mitigate the impact of AST's administration.

13. Board Leadership and Governance Improvements

The RSB confirms the accuracy of the information regarding the governance reset initiated by UHI Perth's Interim Chair. Actions taken—such as commissioning an urgent review, restructuring Board committees, revising delegation schemes, enhancing induction and training, and recruiting members to address skills gaps—are significant steps to strengthen accountability and governance.

The RSB support has included:

- Facilitating recruitment of independent Board members with appropriate skills
- Contributing to induction programmes covering charity law, fiduciary duties, and partnership obligations
- Working with the Interim Chair and governance leads to embed best practice and clarify roles
- Commissioning and delivering a governance effectiveness review via UHI Court
- Supporting continuous improvement through development sessions, financial literacy training, and culture change initiatives.

These measures reflect the RSB's commitment to robust, transparent governance aligned with sector standards and partnership responsibilities.

Summary

The RSB reaffirms its full support for UHI Perth and its commitment to working constructively to address the challenges identified. We recognise the importance of stability and sustainability for the college and remain actively engaged in providing assistance, oversight, and expertise.

We respect the role of the Public Audit Committee and welcome the scrutiny that ensures transparency and accountability in the use of public funds. We share the Committee's ambition to deliver better outcomes for learners and communities and acknowledge Audit Scotland's vital contribution. The RSB values this partnership and looks forward to working collaboratively with all stakeholders to strengthen governance, improve financial resilience, and enhance public services—objectives that align with our strategic priorities.

Our shared goal is to ensure UHI Perth and the wider UHI Partnership continue to deliver high-quality education and transformational impact for our region's people, communities, and economies.

Yours sincerely

Vicki Nairn
Principal and Vice-Chancellor

Appendix one:

About UHI & Role of UHI as a Regional Strategic Body

The information within this briefing note has been provided by UHI

Overview

The University of the Highlands and Islands (UHI) is a tertiary university partnership with degree and research awarding powers. UHI was founded in 2011 to provide a regional University which would deliver high-quality education tailored to the unique needs and characteristics of the Highlands and Islands, Moray and Perthshire, fostering economic, cultural, and social development.

UHI 2030 Strategy

The UHI Strategic Plan 2030 outlines a bold vision for transforming education, research, and regional impact across the Highlands and Islands, Moray, and Perthshire.

Vision and Mission - to be a globally recognised tertiary institution that delivers transformational impact through: Lifelong learning, sustainable development and regional economic and social growth.

Five Strategic Themes

1. **Teaching, Learning and Student Support**
 - Deliver a connected, flexible curriculum shaped by student needs and employer demands.
 - Support integrated learning pathways from school to PhD.
2. **Research and Innovation Impact**
 - Lead world-class research rooted in local environments, heritage, and global relevance.
 - Foster co-created research with communities and industries.
3. **Enterprise and Growth**
 - Drive regional economic transformation through entrepreneurship and innovation.
 - Align curriculum and research with workforce and industry needs.
4. **Environmental Sustainability**
 - Champion a just transition to net zero.
 - Protect and enhance local ecosystems and promote sustainable practices.
5. **Operational Excellence**
 - Create a streamlined, efficient, and people-focused institution.
 - Ensure financial sustainability and institutional agility.

UHI Scope and Scale

UHI is a fully integrated tertiary university combining further and higher education, the only institution of its kind in Scotland, and one of few in Europe. We offer more than a college and more than a traditional university: UHI is a diverse, flexible partnership, that is rooted within our communities and driven by their needs.

UHI delivers further education, higher education, apprenticeships, short courses, knowledge exchange and research to over 36,000 students each year across 45 teaching and learning centres in the Highlands and Islands, Moray and Perthshire. Collectively, the UHI partnership covers two thirds of Scotland's land mass and all of Scotland's inhabited coastal islands except for Great Cumbrae. The area extends over 400 miles north to south and over 200 miles east to west, with most partners more than 100 miles distant from each other. Some partners are based in the urban centres of Perth, Inverness and Elgin whereas other institutions cover wider rural geographical and island areas through a network of learning centres.

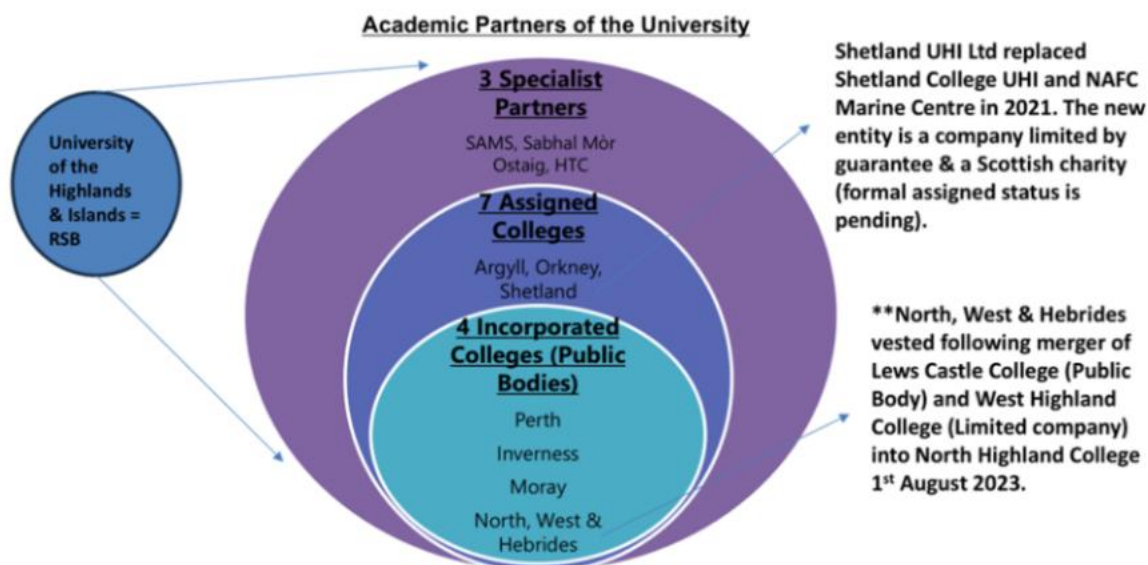
Governance Structures

The UHI Partnership comprises 11 independent partners (University+10 Academic Partners).

The University is an autonomous institution, a Scottish Company (limited by guarantee), a Registered Scottish Charity and a Regional Strategic Body (RSB).

The University achieved University status in 2011 and receives funding from the Scottish Funding Council in accordance with The Fundable Bodies (University of the Highlands and Islands) Order 2011.

The Post 16 Education (Scotland) Act 2013 defines the University of the Highlands and Islands as an “Other Regional Strategic Body” and Scottish Ministers may by Order assign colleges to a Regional Strategic Body (RSB).



The academic partners comprise: UHI Argyll, Highland Theological College UHI, UHI Inverness, UHI Moray, UHI North, West & Hebrides, UHI Orkney, UHI Perth, Sabhal Mòr Ostaig UHI, Scottish Association for Marine Science UHI, and UHI. Each institution is autonomous, and all partners are separate registered charities.

UHI has 7 Assigned colleges* (*UHI Shetland Assigned Status pending) and 3 Specialist Colleges/Research Institutions.

UHI Perth, UHI Inverness, UHI Moray and UHI North, West and Hebrides are classified as Public Bodies.

UHI Argyll and UHI Shetland are companies limited by guarantee.

UHI Orkney is a part of Orkney Islands Council.

Highland Theological College, Scottish Association for Marine Science and Sabhal Mor Ostaig are not assigned colleges.

RSB Duties & Obligations

The key obligations which UHI is accountable to the SFC for as an RSB include:

- responsibility for administering all funds provided to UHI by the SFC.
- a general duty to secure coherent provision of FE and HE in the region; and
- an obligation to monitor the performance of assigned colleges.

The key powers conferred on the University as an RSB include:

- I. a right for an RSB to attend and address any meeting of any of its colleges where the RSB is concerned about any matter relating to financial support provided or to be provided by the RSB.
- II. rights for an RSB to demand information from and issue directions to any of its colleges, provided that the ability to issue directions only applies to assigned colleges constituted under the Further & Higher Education (Scotland) Act 1992 and that directions cannot require the transfer of any staff, property, rights, liabilities or obligations.
- III. a power to require its colleges to transfer any staff, property, rights, liabilities or obligations to the RSB or to any other college assigned to it, ***provided that the college consents to the transfer*** - The requirement for consent limits the ability of the University to move assets (and cash) between Academic Partners. The powers do not extend to an ability to require the transfer of funds from Academic Partners to the University or to require the transfer of funds from one Academic Partner to another, unless there is consent from the Academic Partner.

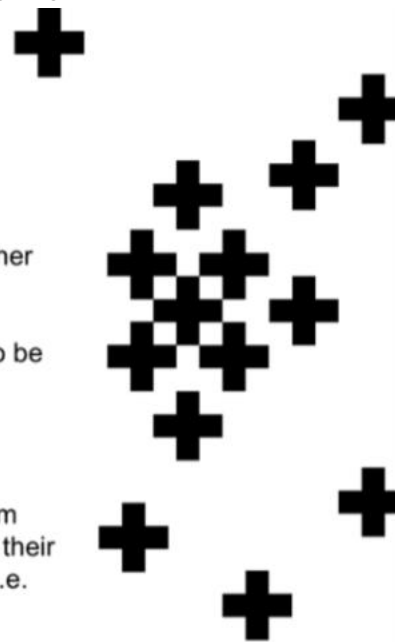
Key Responsibilities

University Court as the Regional Strategic Body

- Strategic leadership including the strategic plan
- To secure the coherent provision of high quality fundable further and higher education throughout our region
- To monitor the performance of assigned colleges
- Accountable to SFC under the Financial Memorandum and to be responsible for delivery of the Regional Outcome Agreement

Assigned College Boards of Management

- Financial management of the college
- To be accountable to the RSB under a Financial Memorandum between the college and RSB and responsible for delivery of their individual contribution to the Regional Outcome Agreement (i.e. provision and delivery of quality education/research against agreed targets)



There are four key documents in terms of which the University is accountable and responsible to the Scottish Funding Council (“SFC”), and therefore ultimately, the Scottish Government for funding provided by the SFC.

1. The Further & Higher Education (Scotland) Act 2005 (“the 2005 Act”), which includes the amendments made by the Post-16 Education (Scotland) Act 2013.
2. The SFC Financial Memorandum with Fundable Bodies in the College Sector (“the FE Financial Memorandum”).
3. The SFC Financial Memorandum with Higher Education Institutions (“the HE Financial Memorandum”).
4. The Self-Evaluation and Action Plan (“SEAP”), as part of SFC’s wider Outcomes Framework and Assurance Model. Prior to AY24-25, assurance was through The Highlands and Islands Regional Outcome Agreement (“the Outcome Agreement”).

Appendix two:

Financial Memorandum

Overview

The FE Financial Memorandum and the HE Financial Memorandum each impose detailed obligations on the University as conditions of receipt of funding for FE and HE provision. The terms of these Memoranda are very similar, but the FE Financial Memorandum is more detailed and leaves less flexibility for FE institutions than the HE Memorandum. The key obligations which UHI is accountable to the SFC for as both an RSB and as a fundable higher education body include:

- compliance with the good governance codes for the FE/HE sectors.
- ensuring public funds are used in accordance with the Memoranda and for the purpose given.
- planning and managing its activities to remain sustainable and financially viable.
- delivery of priority outcomes as identified in SFC's Outcome Framework and Assurance Model.
- ensuring a sound system of internal management and control, and to have regular, timely, accurate and adequate information to be able to monitor performance and to account for the use of public funds and to make such information available to the SFC on request.
- putting in place a UHI-specific Financial Memorandum with its assigned colleges in terms agreed with the SFC Accountable Officer.
- to ensure that its assigned colleges comply with the Scottish Public Sector Finance Manual (FE only).

The governing body of all HE/FE institutions is stated to be responsible for compliance with the Memoranda. However, this is supplemented with a provision for the personal accountability of the chief executive officer (i.e. the principal) of any HE or FE institution both to the governing body of their institution and to the SFC for the proper use of funds provided by the SFC and for institutional compliance with the terms of the FM.

This provision creates a chain of responsibility from Parliamentary approval for the Government's budget, to the Minister for education, down through the SFC to the individual institutions, so that there is an individual who will ultimately be answerable for how the public funding provided to institutions is spent at each level. This is a requirement of the Public Finance & Accountability (Scotland) Act 2000. As such, provision for personal accountability of the principals of Assigned Colleges is included within the Financial Memorandum.

The University is required to put in place UHI-specific financial memoranda with each of its assigned colleges. This is a requirement of the FE Financial Memorandum, and these documents have been in place since 2016. Through this mechanism the obligations on the University under the FE Financial Memorandum are effectively "passed down" to the Academic Partners.

There is a distinction between the University's accountability for the funds provided by the SFC for the purpose of funding further and higher education provision, and responsibility for the overall financial sustainability of the institutions which receive funding for FE/HE provision from the University. The Principal and Vice Chancellor is also the Chief Officer of the RSB in addition to their role as the head of the institution.

Appendix three:

Student Success and Achievement Rates & UHI Funding

The Regional Strategic Body (RSB) confirms that the statements regarding UHI Perth's performance within the letter dated 21st November are correct. Despite significant financial challenges, UHI Perth remains a high-performing college, with success and satisfaction rates consistently above the sector average in both Further Education (FE) and Higher Education (HE).

According to the latest published College Student Outcomes 2023-24 report by the Scottish Funding Council, UHI Perth has achieved at least its fourth consecutive year of outperforming the national average in key performance areas, including being almost 6% above the national average for full-time FE students.

Wider Success of UHI as a Whole

Since being awarded university title in 2011, the UHI partnership has delivered numerous achievements and continues to "punch above its weight" as Scotland's youngest university. UHI provides high-quality teaching, student support, research, and knowledge exchange, while serving as a critical anchor institution for the Highlands and Islands, Moray, and Perthshire.

Key Highlights:

Student Satisfaction:

In the National Student Satisfaction Survey (NSS) 2024, UHI achieved an overall satisfaction rate of 81.2%, exceeding the Scottish sector average of 78.1% and ranking 6th in Scotland.

In the Postgraduate Taught Experience Survey (PTES) 2024, UHI was ranked number 1 in Scotland for overall satisfaction and 15th in the UK.

Research Excellence:

Nearly 75% of UHI research submitted to the 2021 Research Excellence Framework (REF) was graded as world-leading (4*) or internationally excellent (3*). This demonstrates UHI's growing research impact and reputation.

Comprehensive Provision:

UHI offers unique learner journeys from FE through to PhD, supported by local campuses, learning centres, and networked provision across partners. This includes Modern Apprenticeships and a growing portfolio of Graduate Apprenticeships.

Quality and Student Support:

Commendations for student support were received in the **2024 QAA Quality Enhancement and Standards Review**, reinforcing UHI's commitment to student experience.

Economic Impact:

UHI plays a vital role in regional economic development.

Recognised for Outstanding Contribution to the Regional Economy at the 2022 Scottish Council for Development and Industry Business Excellence Awards.

According to BiGGAR Economics (2020), for every £1 invested in UHI, £4 is returned to local economies. In 2019, UHI generated £560m GVA and supported 6,200 jobs in the Highlands and Islands, Moray, and Perthshire, with an additional £93m GVA and 1,000 jobs across Scotland.

These achievements highlight UHI's dual role as an educational provider and an economic catalyst, delivering significant social and economic benefits to the regions it serves.

UHI Funding methodology (including top slice arrangements)

In accordance with existing academic partnership agreements, the University is entitled to retain such sums as are reasonably necessary in respect of the cost of providing RSB / Partnership / University services from funding received from the Scottish Funding Council. UHI is not, without the consent of the Academic Partners, entitled to retain in any academic year a sum in excess of 35% of the Higher Education funding allocation to the Academic Partner for that Academic Year.

This mechanism is often referred to as the top slice. UHI consider that this legacy mechanism is no longer fit for purpose, particularly, since designation as a Regional Strategic Body. It is intended to change this mechanism as part of the new operating model, which is currently being scoped, with a full business case due to be submitted to the Scottish Funding Council in December 2025. The funding mechanism underpins a significant number of University, Partnership and RSB services. The University does not receive any funding for the functions it performs as the RSB. Whilst the current “top slice” arrangement provides an established mechanism for the UHI partnership to share central service costs it does present challenges.

Function	RSB/University and partnership support	Executive Office - academic delivery and research functions	Executive Office - corporate services
Senior Executive Team	University and RSB Leadership		
Strategy, People & Culture	Strategy development Communications HR, Equality, diversity and inclusion		Human resources and organisational development Equality, diversity and inclusion Communications
Governance	Governance Legal Services Sustainability		Governance Legal services
Physical and digital infrastructure	Digital infrastructure Estates, facilities, Residences		Digital infrastructure Estates, facilities, procurement Health & Safety, Residences
Academic and Research	Faculty leadership Learning and teaching Student services Research and knowledge exchange	Centre for rural health science (nursing, optometry and rural health research) Bio medical and life sciences Language sciences institute Centre for history	
Economic Development and Advancement	Economic Development Advancement		
Finance	Finance Grants and contracts Internal audit and risk management Transformation		Finance Business planning
Student recruitment and growth	Student marketing and recruitment Admissions Student records, data reporting and MIS Further education and skills planning		

Table 1: University/RSB/Partnership functions

The top slice is utilised by the university to deliver a number of core functions and services that directly benefit the partners. Table 1 above gives an overview of the current functions.

In addition, it is worth noting that the “top slice” is not a tax paid by academic partners for the benefit of the University, it is to fund RSB/ University and Partnership services in the same way that a more traditionally structured University would have central overhead costs, however UHI have collectively identified that between all academic partners there is the opportunity to reduce duplication (where it exists) and make the UHI partnership more effective and efficient.

Following discussions at committee, it was noted that further supplementary information would be provided on the composition of the topslice. The calculation is made up of three components. Firstly there is an historic fixed sum of £346k in respect of the Regional Strategic Body, secondly a topslice of 20% of the Research Excellence Grant which for 2025/26 is estimated to be £582k and thirdly 35% of the actual delivery of HE Teaching Grant which for budget estimates for 2025/26 equates to £14.132m based on an estimated 4,843 FTE students, thus giving a total of £15.1m.

The actual level of topslice taken is based on actual delivery of HE undergraduate provision. Given UHI's recent under delivery against funded and planned HE numbers the topslice has been reduced to reflect actual delivery. Academic delivery within Executive Office (EO) is subject to the same topslice arrangements as for other Academic Partners.

As outlined above, the topslice is an outdated and legacy mechanism that will be reviewed as part of the move to a new operating model. This will highlight any duplication in UHI, Executive Office and academic partners, including using sector benchmark data across all major KPIs to ensure that best practice performance is achieved.

Since the end of academic year 21/22, the EO staff cost base will have reduced from 309 FTEs (reported in 21/22 statutory accounts) to an indicative 254 FTEs at the end of 24/25 (down 18%), with an estimated saving of £5m on staff costs. EO, alongside all academic partners is continuing to review operations to understand how we can collectively respond to the significant funding challenges within the sector.

Appendix four:

Assurance and monitoring Processes

As the Regional Strategic Body (RSB), the University of the Highlands and Islands have statutory duties under the Post-16 Education (Scotland) Act 2013 and the Financial Memorandum to ensure proper stewardship of public funds and effective governance across its assigned colleges. To meet these obligations, the University operates a structured framework of assurance and monitoring processes designed to provide confidence in compliance, financial sustainability, and performance.

Annual Compliance Certification

Each assigned college is required to submit an Annual Compliance Certificate by 30 April. This letter of representation, signed by the College Principal (Chief Executive Officer), confirms that all requirements of the Financial Memorandum have been met. Where full compliance cannot be confirmed, the college must provide reasons and agree remedial actions with the University's Chief Officer. This process ensures formal accountability and provides a key assurance point for the RSB.

Notification Procedures

The Financial Memorandum requires colleges to notify the RSB without delay of any circumstance likely to have a significant adverse effect on their ability to deliver education programmes or meet commitments under the Regional Outcome Agreement. This includes serious weaknesses such as threats to financial sustainability, major accounting breakdowns, fraud, or material non-compliance. Upon receipt, the RSB escalates the matter to the Scottish Funding Council (SFC) on the same day or next working day, ensuring transparency and timely intervention.

Regular Financial Monitoring

The RSB undertakes ongoing monitoring of financial data, including:

- Monthly and quarterly financial returns from colleges
- Cashflow forecasts and liquidity positions
- Budget setting and variance analysis
- Oversight of financial recovery plans where required

This monitoring is complemented by enhanced scrutiny measures for colleges in financial distress, including direct engagement with senior leadership and finance teams, and input into remedial planning.

Audit and Assurance Mechanisms

The Financial Memorandum prescribes robust audit requirements:

- Colleges must maintain an effective Audit Committee, internal audit service, and comply with Public Sector Internal Audit Standards
- The RSB Internal Audit Service has rights of access to college premises, staff, records, and assets to conduct reviews and coordinate audit planning
- External auditors appointed by Audit Scotland provide independent assurance, and their reports are shared with the RSB
- Colleges must also implement risk management policies and value-for-money strategies, with annual reporting to the RSB.

Conditions of Grant and Governance Standards

Compliance with the Code of Good Governance for Scotland's Colleges is mandatory. Colleges must demonstrate:

- Effective planning and delivery aligned to the Regional Outcome Agreement
- Sustainable financial management
- Transparent decision-making and accountability for public funds. Failure to comply can result in suspension of grant payments or recovery of funds, as stipulated in the Financial Memorandum.

Appendix five:

Relevant Correspondence

- Letter to Chair of Court from Graham Watson dated 20 December 2024
- Letter to Graham Watson dated 21 January 2025

Mr Alastair MacColl
Chair
UHI, as the Regional Strategic Body for UHI Perth
UHI House
Old Perth Road
Inverness
IV2 3JH

20 December 2024

Dear Alastair,

Further to the UHI Perth Board Meeting held on 18 December 2024 which you attended as an Observer, I wanted to confirm the Board's position on its forward financial outlook.

While UHI Perth remains an active participant in ongoing discussions around the restructuring of the UHI model, at this stage the Board has formed no firm view on the nature of any restructuring that might be in the best interests of UHI Perth students and staff. Additionally, any credible and sustainable restructuring of the UHI model will require considerable new Scottish Government funding and will take time to implement. Accordingly, as a responsible and independent Board of charity trustees, in reviewing our forward financial outlook we must deal with the relative certainty of the status quo as the most likely position through until 31 July 2027.

At the meeting on 18 December, the Board finally approved a deficit 2024/25 budget of £1.288m, (which, subject to resolving one matter with UHI, would increase to £1.388m), with indicative projected deficits of £768k and £1.229m in 2025/26 and 2026/27 respectively. While the current outlook for the remainder of 2024/25 suggests trading within the approved budget, there are multiple downside risks that could impact the remainder of this financial year and the two outer years.

Over the last two years, the Board and Senior Leadership Team (SLT) of UHI Perth have made staff efficiency savings of c£3.5m to ensure the financial sustainability of the organisation. This has meant a reduction of 19% of our workforce (i.e. over 100 people and 74 FTE), resulting in a severe impact on our staff, students, community, the morale around campus and our internal and external reputation. Despite these measures, we are still in a position where we have a deficit budget for 2024/25, with further deficits forecast in the following two years.

The Board has therefore instructed the SLT to develop a long-term Recovery Plan by the end of February 2025. This Plan will look afresh at all aspects of the business, both income and costs, to identify areas where additional income can be generated, or where costs can be reduced further without impacting the revenue generating ability of the College.

For example, in the absence currently of any willingness on the part of UHI to mitigate the present level of 'top slice' retained by UHI Executive Office (EO) from UHI Perth HE and FE income (£4.26m and £476k respectively in the current year), the SLT will be considering whether or not there is a business case to retain the current level of HE provision at UHI Perth. As you are aware, the Board considers that the current level of top slice does not represent value for money for the services and benefits UHI Perth requires from EO, and that it is materially contributing to the financial difficulties of the College.

The Board also remains supportive of the work the Principal of UHI Perth is doing in leading the UHI wide efforts to accelerate shared services across the partnership, and assumptions around this work will form an integral part of the Recovery Plan.

The cash position of UHI Perth has been supported recently by £1.5m of long-term, interest free, liquidity funding from the Scottish Funding Council (SFC). It is unlikely that any of the substantive recommendations to be contained in the Recovery Plan will provide a 'quick fix' to the continued deficits currently projected, especially given the scale of risk surrounding the budget and outer two-year projections.

Accordingly, in the view of the UHI Perth Board, it is inevitable that UHI Perth will require some form of additional short to medium term support from the SFC to remain solvent and a going concern.

To complete the Recovery Plan, the Board therefore requests that the Regional Strategic Body (RSB) urgently seeks direction from the SFC on support options for UHI Perth.

The Board has identified the following support options for SFC to consider (either individually, or as a package of measures):

- Instruct that UHI Perth makes compulsory redundancies to balance the budget.
- Rather than instruct compulsory redundancies, lend more to cover the deficits.
- Instruct that UHI Perth makes a lower level of compulsory redundancies and lend a lower amount to cover the deficits.
- Require that the RSB reduces the UHI Perth top-slice retained by EO.

The Board of UHI and the SLT are clear that they are strongly against making compulsory redundancies. To remove this level of staff, on top of the cuts that have already been made, would have a catastrophic impact on the students that UHI Perth serves and the staff working within the College, as well as the wider community and our reputation, which in turn affects our ability to attract student numbers in a highly competitive market.

Accordingly, the Board requests early guidance from the SFC, via the RSB, on the alternative options of further lending to UHI Perth and/or top slice reduction, to ensure that UHI Perth remains solvent and a going concern.

Yours sincerely,

Graham F Watson
Chair

cc Dr Mike Cantlay OBE, Chair, SFC



21 January 2025

By email - [REDACTED]

Mr G Watson
Chair of the Board of Management
UHI Perth
Crieff Road
Perth
PH1 2NX

Dear Graham

I hope you enjoyed a peaceful Christmas break and an enjoyable holiday.

Thank you for your letter of 20 December alerting me formally to the financial position and outlook for UHI Perth.

As you know I contacted you the morning after your most recent board meeting, which I attended as an observer, to let you know that the meeting did prompt a number of concerns. Following that, we arranged a meeting before the Christmas break, which is scheduled for 28 January. So, the timing of your correspondence is helpful.

The current and projected financial deficit that you outline in your letter is clearly a source of considerable concern and one that requires prompt attention. I'd like to take this opportunity to recognise (as reflected in your letter) the significant steps already taken by Margaret and the executive team to address that financial deficit. I know that it has been complex and demanding effort, which has already required some very difficult decisions to be taken.

I'm aware through the financial reports provided to the UHI Finance and General Purposes Committee and UHI Court that, as part of that process, our finance colleagues have been working for some months to try and establish a firm (financial) baseline position for UHI Perth.

Seansalair: A h-Àirdeachd Rìoghail A' Bhana-phrionnsa Rìoghail
Chancellor: HRH The Princess Royal

Prionnsapal agus Iar-Sheansalair: Vicki Nairn
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Now that a 2024-2025 operating budget has been finalised at your December 2024 board meeting, it should provide the required basis for any future forecasts. The quality and detail of the ongoing financial projections made by UHI and its' academic partners, will continue to be vital in providing the assurance required by the SFC to secure future funding support (in addition to the £1.5 million of liquidity support, and the accompanying open ended repayment arrangements, provided to UHI Perth).

With regard to the projected deficits for 2025-2026 and 2026-2027, the expectation of the UHI Court and the RSB (as well as that of the SFC) is that all UHI partners and executive office (EO) should be taking steps to deliver a financially sustainable position. I understand that the UHI Perth Board of Management have now agreed the 2024-2025 deficit budget on the conditional basis that a detailed recovery plan will be in place by February 2025. It would be helpful if that plan sets out a clear timeline of key actions, including where additional temporary support is required and any risks associated with delivering the plan.

The detail of the plan and the options you propose to address the projected deficit, including measures that affect staffing and resource management, remain decisions for your board. The team at EO will continue to provide whatever support, assistance and advice you might find helpful.

I would therefore urge the Board of UHI Perth to conclude and endorse your recovery plan as a matter of priority to enable the RSB to work with you on the options for addressing any funding gaps. Perhaps we can discuss where the RSB can help further when we meet.

As a member of the Transition Oversight Board, you know that the RSB and the SFC have been clear that our current operating model, and the level of additional financial support being provided to some academic partners (including that to UHI Perth), is unsustainable. Our challenge is how to evolve, adapt and transform in ways that reduce duplication and complexity to allow us to invest even more heavily in those things that provide the very best student experience. But, crucially, maintain that local delivery, specialism and on the ground understanding of what students, communities and business need.





So, the expectation is that any recovery plans are developed and funded alongside a partnership wide plan for an improved operating model, that provides not just for a financially sustainable future, but one based upon investment led growth. To support the continued development of our unique tertiary university and the delivery of high-quality further education, higher education and world class research across the Highlands and Islands, Moray and Perthshire.

To date the work on a more sustainable operating model has required a collective effort and commitment from executives and board members from across UHI. It will continue to do so. I'd like to thank you and Margaret specifically for the part you've played to date. The continued, active and constructive involvement of UHI Perth will clearly remain key in shaping an improved operating model for UHI.

That work is tied directly to the contribution each partner makes to the running costs of our university partnership (you use the term "top slice" in your letter). As you know, it's an inherited arrangement that I think we all agree is no longer suitable. As you will recall, a commitment has already been made to you at the UHI November Court meeting to progress this as a matter of priority (both in terms of the quantum and the allocation of cost). But the partnership wide nature of these arrangements demands a partnership wide solution that works for all of our partners.

The current arrangement covers the cost of core university functions and support services (including partnership services) which are not funded separately. It is intended that the review of those functions across the partnership, and how and where they are best delivered, will be considered as part of the institution wide work to improve our operating model. I anticipate that UHI Perth will play a key role in shaping that new funding model as we move forward.

As I explained when we last met, work is nearing completion on the University/RSB and EO service provision which will set out the functions provided by EO and the associated cost of delivery. That, allied with an analysis of how the same or similar functions are provided across the partnership, will allow the development of appropriate services supported by a transparent funding model. At the moment, there is simply too much duplication.





The work on shared services being led by Margaret is an important part of not just your recovery plan but our progress towards an improved operating model. As you know we are very keen to have Margaret more involved in shaping the future of the operating model. Perhaps something else we can discuss when we meet.

I note the reference to a potential £100,000 increase in deficit which relates to the financial difficulties being experienced by UHI Perth's wholly owned subsidiary, AST. Specifically, the management fee due to be paid to UHI Perth by AST. I understand that UHI's Chief Financial Officer has advised the finance team at Perth, that as a timing issue, this should be factored into UHI Perth's financial plan and cash flow requirement with any short-term deferral of the fee being receipt adjusted in cash flow and accrued into the 2024-25 budget. That remains the position. I'd be happy to review any wider investment proposal for AST based upon a full business case for UHI Court to consider.

I note that your letter was also copied to the Chair of the Scottish Funding Council (SFC). At my request RSB officers have discussed your correspondence and the content of this response with our colleagues at the SFC. I will forward a copy to those SFC colleagues for completeness. The SFC have confirmed that all of the issues raised in your letter should continue to be addressed through the RSB.

I look forward to meeting with you on 28 January when we will have the chance to discuss some of these issues and the wider themes covered in our correspondence. In the meantime, as ever, I'm always available for a chat whenever it might be helpful.

Thanks again for your work on the Transition Oversight Board and for the time and energy you commit to Chairing the board of UHI Perth.

All the best,

Alastair MacColl
Chair of Court



The 2023/24 audit of

UHI Perth



AUDITOR GENERAL 

Contents

Key messages	3
Introduction	4
The 2023/24 audit of UHI Perth	6
Conclusion	11

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Key messages

- 1** UHI Perth failed to set a budget for the 2023/24 financial year. There is no record of a formal decision by the board of management not to agree a budget. These absences represent weaknesses in the college's financial management and governance arrangements. The lack of budget significantly limited the ability of management and the board to actively manage the in-year financial position.
 - 2** The college is facing substantial financial challenges and recorded a £2 million deficit in 2023/24. The college is now working to build capacity in its finance team and address weaknesses in its financial management, including finalising a financial recovery plan.
 - 3** A delay to the completion of the 2023/24 annual audit of UHI Perth meant that a range of issues that impacted the college in spring 2025 were reported in the 2023/24 Annual Audit Report. These included the resignation of senior staff and board members, errors in the 2024/25 budget leading to a request for additional liquidity support from the Scottish Funding Council, and the administration of the college's subsidiary. These issues will be covered in more detail in the 2024/25 annual audit of UHI Perth.
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Introduction

1. I have received the audited annual report and accounts including the independent auditor's report for UHI Perth for 2023/24. I am submitting these accounts and auditor's report under section 22(4) of the Public Finance and Accountability (Scotland) Act 2000, together with this report that I have prepared under section 22(3) of the Act.
2. My report brings to the Scottish Parliament's attention the absence of a budget for UHI Perth for the 2023/24 financial year. It also highlights issues that have occurred in the period between the end of the 2023/24 financial year and the completion of the audit of the 2023/24 accounts. These issues will be covered in more detail in the 2024/25 annual audit of UHI Perth.
3. The auditor issued an unqualified opinion on the annual report and accounts of UHI Perth for 2023/24.

Background

4. UHI Perth is part of the University of the Highlands and Islands (UHI). UHI operates as a Regional Strategic Body (RSB) for several further and higher education institutions across the Highlands and Islands. It is responsible for the strategic oversight and funding arrangements for those institutions. UHI Perth's board of management is responsible for the financial management of the college.
5. UHI Perth has operated with significant financial pressures for some time, with deficits recorded over several years. In 2023/24, the college recorded a deficit **adjusted operating position (AOP)** of £2 million.

A college's **adjusted operating position (AOP)** reflects its underlying operating performance after allowing for material one-off or distorting matters outside its control (eg, pension valuations). This helps to assess a college's underlying financial strength and to provide figures which are readily comparable among colleges.

6. The college did not agree a budget for 2023/24. This report looks at the reasons for this and considers the impact on the college's financial position.
7. The college has taken steps to address the financial pressures it faces. These include scrutiny of vacancies and restricting recruitment, a review of

evening opening hours, and a review of estates strategy and student services. But the college continues to experience financial pressures.

8. Completion of the 2023/24 accounts was delayed. The auditor reported this was due to adjustments in the prior year and quality issues with the draft accounts. There were also changes and capacity challenges within the finance team, meaning the college was unable to service the audit in the original timescales. This meant that emerging issues identified in spring 2025 were referenced in the 2023/24 Annual Audit Report and these will be covered in more detail in the 2024/25 Annual Audit Report. This includes errors in the 2024/25 budget, the need for liquidity support from the Scottish Funding Council (SFC), the college subsidiary entering administration, and the resignation of senior staff and board members.

9. We have prepared this report based on the auditor's findings, documentation held by the college and information provided by current college staff.

The 2023/24 audit of UHI Perth

There was no clearly documented decision on the absence of a 2023/24 budget for UHI Perth

10. UHI Perth did not agree a budget for the 2023/24 financial year. Some initial work began in February 2023 to gather information for the budget. College management asked budget-holders to supply information to inform the preparation of a draft budget. The college is unable to explain what happened to that information and there is no evidence of it being collated or summarised.

11. In June 2023, the college board approved an enhanced voluntary severance scheme. It also agreed to develop a business case for compulsory redundancies, should the required savings not be achieved through the voluntary scheme. Analysis of board papers suggests the board anticipated that a budget would be produced following this restructuring.

12. The mid-range forecast presented to the college's finance and resource committee in September 2023, projected a £2.9 million AOP deficit for 2023/24. The committee was informed that it may need to consider a two-year solution to break even. In late 2023, the college put in place five workstreams intended to achieve financial sustainability. These covered:

- academic reorganisation
- professional services reorganisation
- estates
- continuous improvement
- additional profitable income generation.

The workstreams were intended to identify savings or potential income generation opportunities with an overall objective to achieve a break-even position by July 2025. The workstreams were ongoing throughout 2023/24 and no budget was put in place during the financial year.

13. The board's view on the absence of a budget is not documented in the minutes of relevant meetings. There is no evidence of the board taking a formal decision on whether to approve a budget.

14. The college expected restructuring plans and the workstreams initiated in late 2023 ([paragraphs 11. and 12.](#)) to have financial implications for any budget that would be set. Analysis of board papers shows that during 2023/24, board agendas moved towards discussions on the workstreams and away from agreeing the 2023/24 budget. We also know that capacity issues in the college's finance team restricted their ability to work on a budget. Current college staff suggested to us that the college prioritised resourcing work to address financial sustainability over setting an in-year budget for 2023/24.

15. Board papers show members discussed the possibility of agreeing a deficit budget and UHI confirmed it was an option that it would discuss with the SFC. The board wanted to achieve a balanced budget. There was a degree of reluctance to agree a deficit budget and uncertainty over whether the SFC would permit it. It is unclear from the board papers whether there was a resolution to those discussions. This was resolved for the 2024/25 financial year, for which the board did approve a deficit budget.

16. UHI Perth's appointed auditor informed the board that the preparation and monitoring of a budget is a crucial element of monitoring the financial position of the college. The auditor recommended that the college produce and monitor a budget each financial year.

The college monitored its financial position, but it was affected by capacity issues in its finance team

17. Although there was no budget for 2023/24, the college still monitored its financial position. The college produced forecasts that indicated a likely deficit for 2023/24, and these were presented to the board. The college monitored its financial position against the prior year outturn. The board received management accounts, which showed year to date spend compared with the prior year outturn and separately in comparison to forecasts made by the college.

18. The board did not receive a financial outlook to the end of the year, as part of the management accounts being presented to the board in June 2024. This was attributed to capacity issues within the college's finance team. The papers note that the outlook will be prepared as soon as possible, but the extent of the delay is unclear. These capacity issues in the finance team were also noted as contributing to delays to starting work on the 2024/25 budget. Finance team capacity has been an ongoing issue at UHI Perth for several years. It has been raised by auditors in the college's annual audit reports going back to 2018, but it has not been fully addressed by the college.

19. Recruitment and retention challenges mean that the college has a shortage of capacity and information for the board has been delayed as a result. It took longer than anticipated for the college to fill the Head of Finance post in 2024, alongside turnover of other finance staff during this

period. This reduced capacity is reflected in the absence of a budget, but also in monitoring where updated forecasts for the rest of the year have been delayed. UHI Perth's appointed auditor has highlighted that the high turnover in the finance function in 2023/24 and into 2024/25 creates a risk that knowledge gaps appear.

20. In June 2024, the board received an update on recruitment plans to increase finance team capacity. The board agreed that the capacity issues in the finance team should be addressed, and the principal should ensure this was fully implemented. It is not clear how the board expected to be updated or monitor progress around this.

The college had a deficit of £2 million in 2023/24

21. UHI Perth's AOP for 2023/24 was a deficit of £2 million.

22. One factor behind this is that the undergraduate higher education student headcount was lower than anticipated. The college's funded target was 1,674 undergraduate full-time equivalents (FTEs). The actual figure was 1,564 undergraduate FTEs in 2023/24. This resulted in an income shortfall versus target of approximately £0.5 million.

23. The college also reported that the staff pay award resulting from national bargaining, was higher than planned for, further contributing to the deficit position. It started a restructuring process that resulted in accruals for unbudgeted voluntary severance and pension strain payments. In addition, the college's Air Services Training subsidiary made a £0.3 million loss.

A delay in completion of the 2023/24 annual accounts for UHI Perth meant issues arising in 2024/25 were included in the annual audit report

24. The completion of the 2023/24 annual audit of Perth was delayed ([paragraph 8](#)). Before the accounts were finalised, several further issues arose during the 2024/25 financial year.

25. UHI Perth identified around £1 million of errors in the 2024/25 budget. The college also identified errors in cashflow calculations. As a result of both the errors to the budget and the cashflow calculations, the college has requested around £1 million of additional liquidity support. SFC approval of that request is subject to the college preparing a financial recovery plan. The request is in addition to £1.5 million of liquidity funding already agreed with the SFC to fund the deficit 2024/25 budget agreed by the college board. UHI has raised concerns with the college following the identification of these errors. It has asked the college to prepare a financial recovery plan and to put in place fortnightly financial recovery meetings to be chaired by UHI.

26. UHI Perth's subsidiary entered administration in April 2025. Air Service Training (AST) was a subsidiary wholly owned by the college. It delivered specific aspects of aircraft maintenance certification as part of the BSc (Hons.) aircraft maintenance engineering and management programme.

27. Several senior staff resigned from the college. The director of finance resigned in April 2025, and the principal resigned in May 2025. Five members of the board of management, including the chair, also resigned between April and May 2025. One board member who resigned in April 2025, was subsequently re-appointed in June 2025.

28. These developments and their impact will be covered as part of the forthcoming 2024/25 annual audit, and I will consider the appointed auditor's findings before deciding on further reporting on the college.

The college is beginning to take action to address weaknesses it has identified in its financial management

The budget-setting process was reinstated for 2024/25 and 2025/26

29. UHI Perth has taken steps to reinstate the budget-setting process. Its 2024/25 budget was delayed due to issues with capacity in the finance team but was agreed by the board in December 2024, five months into the financial year. A baseline budget for 2025/26 was provisionally agreed by the board in June 2025 with final approval subject to the development of the financial recovery plan.

A financial recovery plan is being finalised

30. The college is now finalising a financial recovery plan. UHI initially asked for sight of a financial recovery plan in May 2024, in response to the college's request for a loan at that time. In December 2024, the college's board agreed to ask for a financial recovery plan to be developed in response to agreeing a deficit budget for 2024/25. Following the college's request for around £1 million of additional liquidity funding in 2025, UHI wrote to the college board on 2 April 2025 to also request a recovery plan.

31. UHI has asked that the plan provides details of current cashflow, pressures, risks and recovery planning, together with detailed actions and timescales. It also asks that the plan makes clear where this includes use or anticipated use of SFC funding and an approved deficit budget.

32. The financial recovery plan was agreed by the college board in August 2025, subject to an amendment to the cashflow. Following this amendment, the report was submitted to UHI and will be subject to subsequent consideration by the SFC. UHI appointed a consultant to support the college with the development of the plan.

33. The college's board has established a new committee to monitor the progress of the financial recovery plan and provide it with monthly reports.

It has also asked the internal auditor to review and report on the financial recovery plan.

The college's internal auditor is reviewing budgetary controls

34. UHI Perth's internal auditor is progressing a review of budgetary and other financial controls, due to complete in September 2025. This work will address a recent request from the college board to review the financial information provided to the board.

35. The work is intended to:

- review what the college requires from the finance function and the statutory and regulatory requirements
- identify necessary actions around budget-setting and monitoring and any lessons learned from this
- identify areas for improvement in the financial systems and processes
- examine the management and governance arrangements for reporting the financial position to the senior leadership team, committees and the board
- recommend an action plan for the finance team, identifying skills gaps to be addressed.

Recruitment is under way to fill key senior roles

36. UHI Perth has taken steps to fill senior management and board vacancies following resignations in 2025 ([paragraph 27](#)). The college appointed a new interim principal in May 2025, and this appointment has been extended to the end of July 2026. The college also appointed an interim director of finance in June 2025. UHI's vice-principal for strategic projects joined the UHI Perth senior leadership team in a temporary, part-time advisory role for the month of June. The college is making changes to its leadership structure and is in the process of recruiting a new deputy principal and a chief financial officer to support this.

37. The board of management appointed an interim chair in April 2025, and this appointment has been extended to the end of July 2026. New appointments have been made to the board, subject to approval by UHI. The board has also appointed a new chair of the Audit Committee.

Conclusion

38. UHI Perth failed to produce a budget for 2023/24 and ultimately recorded a deficit of £2 million in that year. This is a matter of significant concern and served to undermine the college's financial management and governance arrangements. The reinstatement of the college's budget-setting process for 2024/25 was a necessary and fundamental step. This should facilitate stronger financial control, clearer accountability, more informed decision-making and increase the likelihood of effective use of resources.

39. The rationale for the absence of a 2023/24 budget for UHI Perth is unclear in the absence of a clearly documented decision on the matter. All colleges should ensure clear and informed decision-making and accurate recording of decisions taken at all levels, including the board.

40. Budgets are a fundamental part of an organisation's financial control and governance arrangements. They help inform decision-making and contribute to the efficient use of resources. The absence of a budget and regular reporting to college management and the board of in-year and forecast outturn against that budget, meant that there was no clear mechanism for identifying and remedying emerging issues or for holding college management to account for variances. This was particularly the case during the college's financial challenges.

41. Although UHI Perth has started to address weaknesses in the college's financial management, the college should continue to work with UHI and the SFC to strengthen its financial management and governance arrangements. It should also continue to finalise and implement a robust and deliverable financial recovery plan to meet the needs of learners and use public money effectively. I will keep the college's progress in these matters under close review.

The 2023/24 audit of UHI Perth



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