**University of the Highlands and Islands**

UHI Court Meeting

09 April 2025, 13:00 - 17:00

UHI House and MS Teams (Hybrid)

**Members**: Alastair MacColl (Chair), Vicki Nairn (Principal and Vice Chancellor), Andrea Robertson (Vice Chair), Fiona Mclean (Rector), Allan Clow (Independent), Angus Campbell (FE Regional Lead), Derek Lewis (Chair of UHI North, West, and Hebrides), Rosemay Allford (Chair of UHI Argyll, Paul Travill (Independent), Rosemary McCormack (Staff Governor), William Campbell (Student Governor), Heather Offord (Independent), Alex Paterson (Independent), Jem Taylor (Trade Union Representative), Calum Ross (Independent), Helen MacInnes (Independent), Liz Stewart (Independent), Malcom Burr (Independent).

**In attendance**: Brian Williams (Deputy Principal), Lorna Walker (Chief Operating Officer and University Secretary), Michael Baxter (Chief Financial Officer), Roger Sendall (Deputy Secretary), Max Brown (Director of Transformation), Victoria Erasmus (Observer – UHI Inverness), Scott Rhynas (Director of Finance), Pamela Barrett (Interim Director Student Recruitment), Nicola Smith (Interim Head Student Experience), Rachel Burn (HISA), Jane Downes (Director of the UHI Archaeology Institute), Nicholas Oakley (Clerk)

**Apologies**: Audrey Decou, Shannon MacCallum

Minute Key: **DECISION,** Action

1. Preliminary Items

1.1. Welcome and apologies

The Chair opened the meeting and noted the apologies.

1.2. Declarations of Interest

Rosemary Allford declared an interest as a full-time employee of Edinburgh Napier University.

1.3. Notification of other business

The Chair advised that the Court conference planned for the 21 May was being repurposed into a workshop on transformation activity, with an invitation to all academic partner chairs, principals, Board delegates and other relevant internal stakeholders, including HISA, to be involved.

Members were advised that an additional item on a UHI Perth matter would be included in the reserved business. In anticipation of this item, Court duly **APPROVED** the appointment of Alastair Wylie, currently a board member of the UHI Perth Board, as the interim Chair of the Board of Management of UHI Perth, following the resignation of the incumbent Chair.

2. Minutes of Meetings

2.1. Approval of the minutes of 18 February 2025

Court **APPROVED** the minutes of the previous meeting as an accurate record.

2.2. Matters arising

Court discussed the matters arising from previous meetings.

Work continued on developing the key and strategic performance indicator framework since the last meeting, with the intention to integrate annual business plan outputs that were not currently captured into the performance monitoring framework. Updates on these measures were being sought, and these would be consolidated into a report for the next Court meeting to illustrate performance and provide robust assurance to Court. Action: Update and further develop performance measures for next Court meeting.

Preliminary forecasts indicated that student recruitment application figures were positive year-on-year; further updates would be provided to members in due course.

Court **NOTED** the matters arising.

2.3. Delegated decisions

There were no delegated decisions reported.

3. Principal and Vice Chancellor Update

Vicki Nairn, Principal and Vice Chancellor, provided an update on activities since the last Court meeting. Highlights from the report included:

1. Engagement activities on transformation work continued at pace, with approximately half of the UHI partnership staff reached through direct staff briefings.
2. Key risks around the transformation work included the availability of key and senior personnel, as well as risks around the Scottish parliamentary election timetable.
3. Deficits across the UHI partnership continued to grow and time to act and transform was becoming increasingly limited by the financial situation.
4. The sectoral position remained turbulent, with other prominent higher education institutions facing severe financial pressures, reflecting the wider sectoral challenges, as well as causing potential issues around the availability of support (financial and non-financial) to UHI from government and the SFC, as well as closer scrutiny and potential additional regulation as a result of governance failures and financial instability across the sector.

**Financial Sustainability**

The 2024/25 UHI Executive Office budget was discussed. Savings of £3.5m had been made in the current financial recovery plan, over and above the planned target. However, more savings were still required to reach a break-even position, due to additional strategic investments as well as unanticipated pressures, of approximately £3.5m. Work was underway on the 2025/26 budget which would be presented to Finance and General Purposes Committee, and thereafter Court, for approval.

Court **NOTED** the reaffirmed commitment from the senior executive team to reach a breakeven budget in 2026/27 for UHI Executive Office. Court also **APPROVED** the recommendation from FGPC to maintain a minimum of £6m in liquid cash reserves. Court **REQUESTED** an update on cost savings progress, progress against budget, and cash flow projections at each meeting of Court. Action: Update on cost savings progress, progress against budget, and cash flow projections for each Court meeting.

Members were advised that Air Service Training (AST), a wholly owned subsidiary of UHI Perth, was expected to move into administration on the 10 April. Work was underway to mitigate the impact on current higher education students. [*Clerk’s note: further discussion on UHI Perth finances held under closed business, item 11.3*]

Members were briefed on changes to the executive and non-executive teams at the Scottish Funding Council, as well as UHI’s recent interactions with SFC. SFC remained fully briefed and supportive of UHI’s transformation activities.

Members had a wide-ranging discussion about the UHI partnership’s financial sustainability in the context of sectoral pressures and the higher and further education funding model, and the significant (although varied) deficits experienced by nearly all UHI academic partners. Members were particularly concerned that, despite liquidity support of approximately £14m from UHI and SFC in recent years, UHI’s academic partners were still forecasting significant deficits and the need for further recovery and savings plans. Members recognised the importance of continued engagement with the SFC and the Scottish Government on transformation activities; as well as the need for senior representations on changes to FE and HE funding model and the exploration of a more tertiary approach to funding; and finally, the necessity and urgency of transformation to ensure continued provision across and for the regions UHI serves.

**Transformation**

Turning to transformation activities, members were advised that the Transition Oversight Board (TOB) had reviewed outputs from the Transition Executive Board (TEB), particularly around proposed pathfinder projects. Whilst TOB commended the work done by TEB, it was apparent that TOB required a simplified proposition with fewer, higher impact projects that could be initiated immediately and that would enable and accelerate change across the partnership, particularly around financial sustainability. It was anticipated that the workshop on 21 May would represent a significant opportunity to confirm plans for these projects with Board-level input from across the partnership.

Some members noted that the timescales to deliver the full business case for transformation and operating model changes of December 2025 was too distant, especially in the context of immediate financial sustainability challenges. Members heard that some time had been lost on the development of the outline business case due to the need for an options appraisal; other delays cited included difficulties in appointing appropriate consultancy support despite best efforts. Although the senior team recognised the importance of urgency, the current timetable had been chosen to ensure a tertiary, collaborative, and consultative approach, with engagement across all UHI Boards and executive teams, rather than a more directive approach that might enable swifter decision-making.

Whilst sympathetic to the need for consultation and collaboration, Court directed the senior team and transformation team to act at pace, without requiring or seeking consensus on every detail or decision. Distractions also ought to be limited as far as possible; Court requested that deliberations on transformation move on from any further discussion about intermediate mergers or other options. Instead, UHI should be clear that whilst the direction of the transformation programme was full integration, this was the ultimate destination, and not anticipated before other, more immediate actions and projects to drive forward sustainability were taken. These projects were therefore the priority.

Members were clear that whilst an intervention from the Scottish Government or ministers might be appealing in the context of urgent risks and potential delays, in reality any external direction of this nature was both unlikely and also potentially damaging, and ought not to be relied on or sought to expedite progress.

The following actions and decisions were thereafter noted:

1. Court recognised that both the funding and financial environment had changed significantly and that this was undermining the position of the UHI partnership in a serious and detrimental way. These risks required concerted action to accelerate transformation at UHI, an urgent need to remove impediments to progress on transformation, as well as the implementation of activities to secure financial sustainability for the partnership.
2. The 21 May workshop should be designed to enable significant and demonstrable progress toward implementing projects to drive forward transformation activity with priority and urgency. This workshop should also provide clarity on the outcomes of transformation as well as detail the projects to be undertaken.
3. Court **REQUESTED** that the UHI senior leadership team continue discussions with the SFC and to take every opportunity to accelerate and advance UHI’s transformation through support, funding, and all other available measures.

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

4. HISA Report & Presentation from HISA President, & HISA CEO

[Rachel Burn joined the meeting]

William Campbell, HISA President, and Rachel Burn, HISA CEO, made a presentation on HISA, including developments, key successes and projects, and the impact of the student union for students across the UHI partnership. HISA was approaching its 10-year anniversary, and the organisation was keen to celebrate its successes as well as review how it can continue to best serve and represent students and their interests in the years to come.

Amongst other matters HISA reported on its subject intern project; the record number of student voice representatives (over 500); information about its advice service; Education Scotland and QAA panels and visits; its Board of Management project; as well as information about its budget and the challenges and opportunities posed in representing a wide, dispersed student population in a comparable and equitable way.

Court **NOTED** the HISA presentation and update.

[Rachel Burn left the meeting]

5. Archaeology Institute: Presentation

[Professor Jane Downes joined the meeting]

Professor Jane Downes, Director of UHI’s Archaeology Institute, gave a presentation on UHI’s Archaeology Institute, including key activities, projects, and successes of the Institute as well as its far-reaching impact. Court members welcomed the informative and wide-ranging presentation.

Members were pleased to note the growth in postgraduate taught students and were advised that this was due to UHI’s unique offering, programme development, and international delivery, but also changes in the sector, with many universities reducing or closing archaeology departments. The latter posed both an opportunity and risk to UHI. Further growth was also being curtailed by lack of accommodation locally, although efforts to mitigate these issues included innovative curriculum delivery with fieldwork being concentrated into short, focused blocks primarily in the offseason when accommodation was more readily available, and the use of online learning.

Members recognised the leadership of Professor Downes in positioning UHI Archaeology Institute in such a prominent position and welcomed both the senior academic leadership and innovative delivery methods and contribution of the Institute to UHI’s curriculum and research offering.

Court **NOTED** the Archaeology Institute presentation.

[Jane Downes left the meeting]

6. Regional Strategic Body: Presentation

Roger Sendall, Deputy Secretary, gave a presentation on Regional Strategic Body (RSB) roles and responsibilities, including UHI’s position as the RSB, as well as detailing obligations and relationships with the Scottish Funding Council and UHI’s academic partners.

Members welcomed the information about the RSB and suggested that a narrated PowerPoint presentation for use by Academic Partner Boards might be beneficial. Roger Sendall advised that a similar presentation was used in the induction of new Board members.

One member suggested that the presentation be made clearer about the significance of the RSB’s obligation to secure high quality education meeting regional needs and particularly the RSB’s ability to take action to ensure this is achieved. Furthermore, the ability of the RSB to require an academic partner to take specific action following consultation should also be emphasised in the presentation, noting that this is outlined in the relevant legislation.

Court **NOTED** the Regional Strategic Body presentation.

7. Strategic Items for discussion

7.1. Student Retention Presentation

[Nicola Smith joined the meeting]

Nicola Smith, Interim Head of Student Experience, joined the meeting and gave a presentation on student retention, including measures and activities to improve retention rates at UHI. Improving retention rates by even small margins would considerably ameliorate UHI’s financial position, as well as ensuring positive outcomes for students.

Members were advised that the majority of withdrawals took place around the six-week mark. An early withdrawal form would enable the collection of more detailed information which, combined with other data analysis, would permit targeted early interventions in an effort to improve retention rates. Other activities included increasing personal academic tutor (PAT) meetings, although this did have a resourcing impact, and this was being considered as part of an ongoing PAT review.

Court **REQUESTED** that Action: Develop a retention strategy/ plan, including budget and return on investment, for further review.

Court **REQUESTED** that Action: retention rates be included in the performance indicator reports.

[Nicola Smith left the meeting]

8. Items for noting/ approval

8.1. AP Financial Sustainability Update

Mike Baxter, Chief Financial Officer, introduced an update on academic partner financial sustainability. In addition to the details contained in the committee paper, he highlighted that indicative higher education funding allocations had been released, and overall the target of fundable HE students had been reduced by 200; 67 of which were due to underdelivery against SFC targets, leaving an overall fundable target of 5361 for 2025/6. Allocations for further education had not yet been received, and there was an ongoing and robust discussion within the sector on a revised FE funding model.

On specific academic partners, in addition to the details provided in the committee paper, Mike Baxter reported that:

* For UHI North, West, and Hebrides (NWH), the executive team were displaying a concerted effort to address operational and financial challenges and were considering all options to improve their position. The Chair of NWH reported that the delay in implementation of a new structure at NWH was a direct consequence of an ongoing trade union dispute since August 2024. He noted that there were lessons to be learned and risks around operational changes as UHI moves forward with its own transformation work.
* For UHI Shetland, positive movement this financial year and actions by executive to improve the deficit position were noted.
* Discussions were ongoing with HTC, with its liquidity challenges and unique funding mechanism. Internal grant funding advances were being explored.
* A detailed update on UHI Perth financial sustainability was also anticipated under reserved business later in the meeting.

One member noted the overall UHI partnership deficit of approximately £11m and queried when the university’s forecast expectations for 2025/6 would be available. Mike Baxter noted that indicative forecasts for 2025/26 were anticipated at the end of April 2025, and the overall UHI 2025/26 position would be clearer once these returns were received and compiled.

Court **NOTED** the academic partner financial sustainability update.

9. Minutes from Committees of Court

9.1. F&GP Committee: 5th March

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

9.2. Audit Committee: 18th March

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

9.3. UHI Foundation Conference Proceedings: 18th March

Court **NOTED** the proceedings of the UHI Foundation Conference.

9.4. Partnership Forum: 17th March

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

9.5. People Committee: 20th March

Court **NOTED** the minutes of the People Committee meeting.

10. Any Other Business

11. Reserved Business

11.1. Nigg Skills Academy

[Redacted – commercially sensitive]

11.2. UHI Perth Correspondence

[Redacted – confidential]

11.3. UHI Perth Subsidiary (AST)

[Redacted – commercially sensitive]

12. Close of meeting

There was no other business and the Chair closed the meeting at 16:45.

ENDS

Approved on: 25/06/2025

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