

University of the Highlands and Islands

University Court Meeting

Thu 12 December 2024, 13:00 - 17:00

Online via Microsoft Teams

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), 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), Shannon MacCallum (Student Governor)

In attendance: Michael Baxter, Lorna Walker, Brian Williams, Sheena Stewart, Roger Sendall, Max Brown, Scott Rhynas (in part), Nicholas Oakley (Clerk).

Minute Key: **DECISION**, Action

1. Preliminary Items

1.1. Welcome and apologies

The Chair opened the meeting and noted the apologies from Audrey Decou, Helen MacInnes, and Malcom Burr. The Chair advised members that the annual accounts related items (item 6 on the agenda) would now be taken before item 5 (strategic items for discussion) in the meeting.

1.2. Declarations of Interest

There were no declarations of interest that had not already been registered.

1.3. Notification of other business

No other business was notified.

2. Minutes of Meetings

2.1. Approval of the minutes of 06 November 2024

Court **APPROVED** the minutes of the 06 November 2024 subject to a correction under item 6.3, Business Plan, to record the actions arising, namely, to identify key measures and report on these to Court. The Chair requested the minutes be updated but noted that the matters arising (item 2.3) included a quarterly report on performance measures.

2.2. Court conference report

Court **APPROVED** the Court conference report as an accurate record of the meeting.

2.3. Matters arising

The matters arising from the previous meetings were **NOTED** as complete or updated on the meeting agenda.

2.4. Delegated decisions

No delegated decisions reported.

3. Principal and Vice Chancellor Update

Vicki Nairn, Principal and Vice Chancellor, gave an update on activities and developments since the last meeting. She highlighted the ongoing work on the outline business case (OBC) and engagement with the Scottish Funding Council (SFC). Completing the outline business case in anticipation of circulation to Academic Partner Boards had been the focus of recent weeks, and particularly a review of the emerging proposal for partner mergers as discussed at the Court conference. She reported that the SFC had provided advice and guidance to UHI on the matter that supported UHI's position, and that this would be shared with all academic partners alongside the outline business case. £500k of the £1.45m initial development funding request had been authorised by the SFC on a without prejudice basis to enable UHI to continue work on the operating model project.

A revised schedule of consultation had now been developed in light of feedback from Boards for more time and opportunity to review and reflect on the outline business case. This would also allow Boards to receive full briefings from the project team on the OBC in January 2025.

Vicki Nairn reported that, following redundancies in the university's senior management team as well as the ongoing voluntary severance scheme, officers were seeing increased levels of engagement with University and College Union (UCU) representatives.

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

4. HISA Report

William Campbell, HISA President, reported on activities and developments since the last Court meeting.

1. The student mental health agreement has been refreshed and was available online.
2. Student voice and quality remained a high priority. The SVR system was progressing well, with 500 SVRs now on board.
3. A number of competitions and events were ongoing or planned. The EDI committee had run campaigns on Islamophobia, and gender violence, amongst others.
4. The advice service remained active and was proving valuable – 18 complex cases had been handled, and the service was seeing increased demand around finances and academic support.
5. Student directors project evaluation and impact on student directors was being progressed, with interviews with board representatives planned.
6. The strategic plan and structured reporting framework, including KPIs, were being developed.

Court **NOTED** the paper and the verbal report on HISA's activities.

6. Annual Report and Accounts

[Scott Rhynas joined the meeting]

6.1. 2023/2024 Annual Report and Accounts (Accounts and financial statements)

Mike Baxter, Chief Financial Officer, reported on the financial statements for 2023/24. This also included a statement on going concern, for approval. The following key items were noted:

1. The University reported a surplus before other gains and losses of £4.628 million (in 2022/23 the surplus was £0.728 million). The surplus was mainly due to the release of previous years provisions relating to clawback and reduced pension adjustments.

2. Total comprehensive income for the year was a surplus of £4.305 million, compared to a surplus of £3.876 million in the previous year.

3. Overall, total income decreased by £2.893 million, mainly due to the release of deferred Scottish Funding Council (SFC) income in the prior year. Total expenditure decreased by £6.793 million, mainly due to the decrease in staff costs of £5.768 million. The decrease in staff costs was mainly due to the decrease in pension net service cost, the movement in the University Superannuation Scheme (USS) pension provisions, and the impact of staff reduction measures, including compulsory redundancies actioned during the year.

4. Overall, the balance sheet position had improved, with net assets of £10.648 million at the year end, compared to net assets of £6.342 million in 2022/23, and cash balances amounting to £17.266 million of which £11 million relates to restricted reserves (including £10.8 million of SFC clawback from prior years).

Court reaffirmed the previous position taken on going concern and **AGREED** that:

There are no material uncertainties that may cast significant doubt about the company's ability to continue as a going concern.

Court **APPROVED** the financial statements for 2023/24 and the going concern statement.

6.1.1 Consolidation of accounts

Mike Baxter, Chief Financial Officer, introduced a report on the potential consolidation of accounts across the university partnership. Members were advised of the context around non-consolidation. The position of the Audit Committee and the majority of Finance and General Purposes Committee (FGPC) members, as well as the independent advice commissioned, was that non-consolidation remained appropriate for the 2023/24 accounts, but that as the partnership became increasingly aligned and integrated through operating model activity, consolidation may become necessary in the near future. Preparations should be made to consolidate as early as the 2024/25 accounts. Members were therefore advised that work would be undertaken to prepare consolidated 2024/25 accounts in the event that the position on non-consolidation changed and to allow the submission of consolidated accounts, if this was deemed necessary and appropriate. Officers would also prepare a briefing relating to the requirements and risks of consolidation for Court, initially at the Spring 2025 Audit and FGPC meetings.

Court **APPROVED** the non-consolidation of accounts and **NOTED** the agreed actions arising.

6.2. Letters of Comfort

Court **APPROVED** the letters of comfort for the subsidiary accounts.

6.3. Annual Audit Committee Assurance

Court **NOTED** the annual Audit Committee Assurance statement.

6.3.1. Statement of internal control

Court **NOTED** the Statement of Internal Control.

6.4. UHIRE/MPI Subsidiary Statutory Accounts

Members were advised that Finance and General Purposes Committee and Audit Committee had reviewed and recommended approval of the subsidiary accounts. Court **APPROVED** the UHIRE, MPI Elgin and MPI Dornoch subsidiary accounts. Members suggested that the directors of these subsidiaries be reviewed and updated following changes to senior executive team composition.

5. Strategic Items for discussion

5.1. Operating Model: Outline Business Case

Vicki Nairn, Principal and Vice Chancellor, and Max Brown, Director of Transformation, introduced an update on the operating model outline business case (OBC). In the discussion about the operating model OBC the following feedback was noted:

1. Members welcomed the inclusion of the vision and impact and benefits for students and stakeholders.
2. There was a need to accelerate the culture change programme in tandem with the operating model work. Whilst this was already taking place in part, improved mechanisms were needed to enable and support staff. Concerns were raised that, without this complementary cultural change work, the operating model work might be delayed or even derailed.
3. There was recognition about the limitations arising from the ambitious timescale and breadth of change, and appreciation for the significant progress and achievement by the organisation in developing the OBC.
4. Members were hoping for more detail on what an integrated organisation might look like, for example, the form of local advisory groups. It would also be helpful to avoid doubt on what terms such as “single” services might mean and how this might work in practice.
5. There ought to be more detailed reference to mergers, and especially the risks associated with these. Conversely, one member suggested that, as the SFC guidance and Court position on mergers taking place outwith the operating model work would not be supported, then any references to mergers should be framed in that context.
6. Members queried what the options were in the event that consensus agreement could not be reached by all partners involved, and whether there might be stages or phasing to implementation.
7. One benefit of moving to a fully integrated institution that ought to be emphasised was improved capacity and ability to deliver more flexibly and move more rapidly to respond to opportunities and challenges.
8. A description of financial benefits and timeline for implementing the options would be useful.
9. The OBC should reference the Advance HE Governance Effectiveness Review findings.
10. Engagement with trade unions and staff and stakeholders ought to proceed as a priority, particularly regarding workforce profile and potential changes. The geographical spread of jobs and the dispersal of administrative functions will attract external scrutiny, and the university should be prepared to state a clear position on this matter. This should emphasise the need for protecting and modernising services for the future.

11. The narrative around the full integration option needed to be clear that this was a judgment that this was the best option following an appraisal, as much as it was a financial imperative or data-driven selection. More robust language and an expression of ambition and vision might assist in demonstrating why this was the preferred and best option.
12. The potential financial implications of the various options were missing and needed to be in the full business case (FBC). Financial forecasts were acceptable for the OBC but detailed financial information would be needed for the FBC, as well as key performance indicators around financial sustainability and demonstration of direct benefits to all stakeholders. This could include specific areas in which the organisation may see financial benefits arising.

UHI officers welcomed the detailed feedback and encouraged any further feedback to be directed to Max Brown after the meeting.

Court **ENDORSED** the operating model outline business case. Members were advised that the OBC would be distributed to Academic Partners shortly, including a cover paper introducing and detailing expectations of Academic Partners Boards to comment on the work and their commitment to work and support the next stage of the process. A request for support and resources from senior managers would also be progressed to ensure the resources were available to move on the work. Finally, Court members were invited to attend briefing meetings with Academic Partner Boards early in 2025.

5.2. Student recruitment

Lorna Walker provided an update on student recruitment, following on from previous Court meetings where new models and approaches for managing higher education (HE) student recruitment had been discussed, and against a background of a challenging sectoral-wide HE recruitment issue. An additional investment proposal of £565,000 was detailed involving various activities and initiatives to strengthen UHI's HE recruitment. This would include a return on investment target of a 4% increase in new students each year, returning to a "no clawback" position by 2026/27. This target assumed no change to SFC funded targets.

Members were advised that the timing and phasing of the investments – if approved – would be carefully managed against savings arising from voluntary severance and other cost saving measures to ensure a balanced budget.

Members discussed the investment proposal and noted that HE student recruitment continued to be a key priority for the university partnership. Members sought more detail on how the proposed investment was aligned and integrated with previous commitments made by Court in 2023/24 and 2024/25 in this area. Members also queried how the additional investment and projects differed from what ought to be business as usual, for example, updating the website, and highlighted that many of the costs would be recurring. Members also asked whether all academic partners were sighted and committed to the proposal. Finally, members noted that the focus of the paper was on home-based students, despite the UHI Strategic Plan also having key performance indicators for international and rest of UK students, and how the latter would be addressed through the investment proposal. It was also regarded as important that decisions taken about HE student recruitment were made for the benefit of the entire university partnership.

Members were advised that Partnership Council would be reviewing the proposal in more detail, and academic partners' commitment to the proposal would be sought.

Court **AGREED to delegate** to the university's executive team authority to allocate funding to support the higher education student recruitment actions as proposed, ensure that academic partners supported the proposals, ensure that the investments were fully funded within the current budget, and ensure that the investments were targeted and phased to ensure the best value for money and return. Members **REQUESTED** regular updates on the progress of these initiatives.

7. Items for noting/ approval

7.1. AP Financial Sustainability Update

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

7.2. UHI EO 2024/25 Q1 Management Accounts

Mike Baxter, Chief Financial Officer, and Scott Rhynas, Director of Finance, reported on the UHI quarter one management accounts. They advised that current projections indicated the university meeting the 2024/25 budget. A review of the budget and in particular a review of the liquidity/ trading days target would be progressed in early 2025.

Court **NOTED** the UHI 2024/25 quarter 1 management accounts.

7.3. Nigg Skills Academy

[REDACTED – Commercially sensitive]

7.4. University Risk Register and Risk Appetite Statement

Court **NOTED** the University Risk Register and **APPROVED** the risk appetite statement.

7.5. Annual Research Integrity Statement

Court **APPROVED** the annual research integrity statement and noted a review to be taken of the approach on academic misconduct monitoring.

7.6. Red Button Annual Report

Court **NOTED** the Red Button Annual Report.

7.7. Sustainability: implementation report and Public Bodies Climate Change Duty report

Court **AGREED** the implementation report and Public Bodies Climate Change Duty report.

7.8. Revised Financial Regulations

Court **APPROVED** the revised Financial Regulations.

7.9. Revised Scheme of Delegation

Court **APPROVED** the revised Scheme of Delegation.

8. Minutes from Committees of Court

8.1. Finance & General Purposes Committee 4 Dec 2024

Court **NOTED** the minutes of the above committee meeting.

8.2. Audit Committee 20 November 2024

Court **NOTED** the minutes of the above committee meeting.

8.3. Audit Committee 04 December 2024

Court **NOTED** the minutes of the above committee meeting.

8.4. UHI Foundation 02 December 2024

Court **NOTED** the minutes of the above committee meeting.

9. Any Other Business

The Chair thanked Sheena Stewart, University Secretary, for her contribution to the university and Court and wished her a long and happy retirement.

10. Reserved Business

[RESERVED]

10.1. Remuneration minutes – 4 November

Court noted the minutes of the meeting held on 4th November 2024.

10.2. Voluntary Severance Scheme Update

[REDACTED – RESERVED BUSINESS]

11. Close of meeting

The Chair thanked all members and staff for their efforts this year and wished everyone a good Christmas break and a very happy new year.

ENDS

Approved on: 18 February 2025

Published on: 11 April 2025