

University of the Highlands and Islands
UHI Court Meeting
Tue 18 February 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), 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), Audrey Decou (Staff Governor), Helen MacInnes (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), Scott Rhynas (Director of Finance), Pamela Barrett (Interim Director Student Recruitment), 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 Liz Stewart.

1.2. Declarations of Interest

There were no declarations of interest.

1.3. Notification of other business

The Chair advised one item of other business, on the appointment of a replacement academic partner Chair to the vacancy arising from Davie Sandison's (UHI Shetland Chair) retirement. [*Clerk's note: this business covered in item 6.2 Homologation of independent members.*]

2. Minutes of Meetings

2.1. Approval of the minutes of 12 December 2024

The minutes of the previous meeting held on 12 December 2024 were **APPROVED** as an accurate record.

2.2. Matters arising

Complete or updated during the meeting.

2.3. Delegated decisions

No delegated decisions reported.

3. Principal and Vice Chancellor Update

Vicki Nairn, Principal and Vice Chancellor, provided a report on activities since the last Court meeting. The senior team remained focused on operating model matters, with a new set of updates since the December Court meeting. In brief, the Transition Executive Board had been refocused under a programme and project structure, and work continued to incorporate feedback from academic partner Boards and to commence staff engagement activities. “Pathfinder” projects were also being identified to help focus activities and prepare the groundwork for process and systems implementation once the full business case was completed.

Vicki Nairn also advised that work continued to monitor and ameliorate the UHI (Executive Office) 2024/25 budget position. The quarter 2 forecast was anticipated shortly, and this would be reviewed at the Finance and General Purposes Committee meeting in early March 2025. As well as existing pressures from higher education student numbers, new pressures, such as national insurance contribution rate changes and student residence deficits, continued to make the financial situation difficult.

[REDACTED – Commercially sensitive]

Vicki Nairn drew members’ attention to the Tertiary Education and Training (Funding and Governance) (Scotland) Bill, published on 05 February, and coinciding with a briefing note from Universities Scotland. Members would receive further updates on the Bill but a brief overview of the expanded role of the Scottish Funding Council in further and higher education as well as apprenticeships and work-based learning was highlighted.

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

4. HISA Report

William Campbell, HISA President, provided members with an update on HISA’s activities since the last meeting. These included:

1. An ongoing policy campaign on housing and rent and the Housing (Scotland) Bill, including representations on changes to guarantors, rent controls etc.
2. The student voice representation system continued to develop and improve, and was almost back to pre-pandemic levels.
3. Ongoing discussions with Deans and Faculty Boards on the development of cognate subject group interns pilot scheme.
4. Student officer election nominations closed on 20 February, with a range of strong candidates across the university partnership.
5. The board of management project had entered the evaluation and consultation stage.
6. HISA’s senior leadership had undertaken a restructure, with three directorates now in place. This was tied to a difficult financial position, with the Trustee Board now reviewing options for the 2025/26 block grant.

Court **NOTED** the HISA report. The Chair advised that the HISA President and the HISA Chief Executive had been invited to report on HISA’s activities at the next Court meeting in April 2025.

Action: HISA session at next Court meeting (Clerk).

5. Strategic Items for discussion

5.1. Operating Model: Outline Business Case

Max Brown, Director of Transformation, provided an update on the outline business case for the operating model.

The phase one engagement plan would commence on 10 March 2025 for partnership staff for two weeks, before circulation to wider stakeholders thereafter.

Pathfinder projects are being developed which would be transformational in the way that UHI operates and lay the groundwork for the operating model project. These included projects that generate income, particularly around Higher Education student recruitment, improve student experience; or generate additional savings or efficiencies. Workshops were planned to develop, prioritise, and finalise these projects. A project-based approach to the Transition Executive Board (TEB) had also been implemented.

Engagement with the SFC continued to be important and senior colleagues were working closely with SFC to ensure their continued support. No final decision had been reached on the second tranche of initial funding, but SFC continued to be briefed on operating model work, had been attending Board meetings, and remained closely involved.

Members then had a wide-ranging discussion on the outline business case. The following key points were noted in the discussion:

1. Representations to the SFC now factored in feedback from Boards around the need for backfill support.
2. The pathfinder projects would be ambitious and enable and embed change for the organisation in parallel track with the operating model changes. One member suggested that identifying one or two of these projects and ensuring they were completed quickly and with direct impact may be useful in demonstrating the partnership's ability and momentum in delivering change.
3. Consistent messaging was vital when briefing stakeholders and requesting feedback.
4. Funding was in place to complete the full business case, but additional funding would still be required to implement the final model. Negotiations with the SFC and the Scottish Government continued on this matter, but there would need to be a clear and compelling demonstration by the university that the plans would render the institution financially sustainable and able to deliver quality education to the partnership's regions. Members then discussed the current sectoral and political backdrop the university faced, including other Scottish HEIs requiring funding and upcoming parliamentary elections.

Court closed the discussion by **NOTING** the need for change taken by the whole partnership and commended both the transformation team and all the senior teams involved in the transformation project on the progress to date, as well as the collaborative approach taken.

[Angus Campbell left the meeting]

5.2. University Budget: Performance Report

Michael Baxter, Chief Financial Officer, provided a report on the University (EO) budget. The following key points were noted in the discussion:

1. A number of strategic decisions and spend to save to grow higher education numbers had been identified, as well as a structured and robust new savings plan to ensure the university achieved both the 2024/25 budget target and the three-year recovery plan.
2. On the voluntary severance scheme, the pension strain cost increased by 17% since January 2025. However, the original target of £500k savings was achieved, annualised at £1.1m. *[Clerk's note: further update at reserved item 9.1]*

3. The accompanying budget paper highlighted mitigation efforts on the budget as well as options for cost reduction and contingency arrangements for maintaining cash flow. Members also received a commercially sensitive update on estate sales/ moves as part of this update, as well as an update on residences activities that included further utilisation of commercial letting opportunities.
4. The senior executive team remained committed to achieving a breakeven budget by the end of the approved three-year recovery plan, 2026/27, which Court welcomed and **NOTED**.
5. On liquidity cover arrangements, members were advised that the previous target assigned by Court was 60 days' liquidity cover. Previously this equated to maintaining an unrestricted cash balance of £6m. Due to a reduced cost base currently this stood at ~£5.5m. Members discussed whether the absolute number of liquidity days (60) remained the benchmark or the original £6m balance, and heard that Finance and General Purposes Committee would be discussing liquidity arrangements at its next meeting in March and would be recommending an approach to liquidity targets to Court thereafter.
6. Engagement with academic partners' financial directors and teams to move to monthly financial reporting was underway, following a request endorsed at Partnership Forum to move to monthly partnership-wide reporting.
7. A focus on retention strategy, both of students and tenants within student accommodation, was noted as underway.

Court **NOTED** the university budget update and thanked the senior team for their work to mitigate the impact of developments throughout the period, and measures taken to return the university to financial sustainability. Court noted that the quality of the financial reporting continued to improve significantly and thanked the finance team for their work to collate and report these. Finally, Court congratulated Scott Rhynas on his permanent promotion to Director of Finance.

5.3. Student recruitment

Lorna Walker, Chief Operating Officer and University Secretary, and Pamela Barrett, Interim Director of Student Recruitment, provided members with an update on student recruitment activities and the implementation of the programme of work previously approved by Court.

Work was described regarding the spend-to-save investments approved previously at Court, including scaling up new HE student recruitment and focusing on 2025/26 enrolment. Updates on the delivery of these priorities and tasks were provided in the accompanying committee paper.

A concerted effort to focus on conversion plans and clearing was underway, and better links between student recruitment forecasting and the university's budgeting and planning process were being developed. Members were reminded that higher education student recruitment remained an increasingly competitive space, and a number of sector-wide factors needed to be understood and mitigated, with a fundamental change in the market over the past five years. The approved strategic investment activities had been designed and selected to offer the most value and return on investment.

Members **REQUESTED** that the student recruitment strategy be enhanced through more robust and better integration with articulation and progression strategies, ensuring that learners were offered competitive and compelling opportunities to progress within the university partnership.

Members **REQUESTED** that Action: an update on a partnership retention policy be provided to a future meeting of Court to update on work that was already underway to review and strengthen this, and thereafter Action: host a session at Court on retention strategy.

Members were provided with a short briefing on efforts around curriculum and consolidation, including the implementation of a costing model.

Court **NOTED** the higher education student recruitment update.

6. Items for noting/ approval

6.1. Strategic Performance Indicators

Lorna Walker, Chief Operating Officer and University Secretary, introduced a report on the strategic performance indicators (SPIs) and the institution's performance against 2030 strategy targets. This work was being progressed in tandem with operational and financial key performance indicators being discussed at Partnership Council, with a plan to bring these back to University Court for its next meeting. Feedback on the SPIs was invited.

Members welcomed the update and the identification of SPIs in relation to the university's strategy. Members noted that some of the SPIs were updated annually, and often retrospectively, but that there was still a need for a regular review of the SPIs to improve and enable strategic planning and mitigation activities, with a report on all SPIs regardless of whether they have been updated during the reporting periods.

The following additional feedback was provided:

1. A graphical-based trend analysis of SPI changes over reporting periods, rather than just a snapshot of the latest reporting point, was needed.
2. An indication on the SPIs that have not updated since the last report, and information on when these would next be updated, to be included.
3. Some of the operational/ financial key performance indicators not included in the SPI report ought to be reviewed as to whether they were actually 'strategic'; for instance, absolute number of students and operating surplus of the partnership ought to be included in the SPI report.
4. Actual, absolute numbers, rather than percentages, would be more useful in some cases, especially where there were very small numbers involved.
5. Members queried the data collection process. Each academic partner had assigned a key responsible officer within their respective partners to provide these data. However, there was a different approach taken by and within partners to certain types of data e.g. some data were reported externally in specific statutory or regulatory formats, or some partners reported similar datasets differently. These differences would be monitored and reported on, with escalation through Partnership Council or Partnership Forum as needed.

Members **NOTED** the report and welcomed the approach taken, subject to the above feedback. Members also anticipated the wider financial/ operational key performance indicator framework that would support the SPI report.

6.2. Homologation of Independent Member Appointments (University Court and UHI Perth)

Roger Sendall, Deputy Secretary, provided members with an update on the homologation of independent member appointments. Members duly **HOMOLOGATED** the appointment of the members as outlined in the paper. Members were also advised that a new process for induction

of assigned college Board members was underway. This would mirror the induction provided to new independent members of Court and provide a grounding on the powers and responsibilities of the UHI partnership and UHI as the regional strategic body (RSB). Further special sessions with Boards on the RSB were also planned for the next quarter.

Members **AGREED** to invite the new Chairs of UHI Moray and UHI Inverness as observers to the next Court meeting.

Members **RESOLVED** to invite Rosemary Allford, UHI Argyll Chair, to replace Davie Sandison as the second academic partner Board Chair on Court.

7. Minutes from Committees of Court

7.1. Nominations Committee

Court **NOTED** the Nominations Committee minutes.

8. Any Other Business

There was no other open business.

9. Reserved Business

9.1. Voluntary Severance Scheme Update

Court was provided with a short update on the university's voluntary severance scheme, which had recently been completed. 24 applications had been received and 17 were accepted, across a range of function areas in Executive Office. In year savings of £474k were reported, which annualised amounted to £1.1m. Plans were in motion to mitigate the impact of these departures.

Court **NOTED** the Voluntary Severance Scheme Update.

9.2. Nigg Skills Academy

[REDACTED – commercially sensitive]

9.3. Student Legal Matter/Court Hearing

[William Campbell declared an interest and left the meeting]

[REDACTED – ongoing legal proceedings]

There was no other business and the Chair closed the meeting at 16:00.

10. Close of meeting

Next meeting 9th April 2025

ENDS

Approved on: 09 April 2025

Published on: 11 April 2025