

Committee	Audit and Risk Management		
Date paper prepared	05/05/2026	Date of committee meeting	13/05/2026
Subject	Governance Arrangements – NU-Horizon Training Ltd		
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Action requested	I. For noting		
Purpose of the paper	To provide assurance on the governance, risk, and financial control arrangements for NU-Horizon Training Ltd, and to confirm the agreed Board structure and oversight framework.		
Background	The existing dormant company, incorporated in 1993 as Lews Castle College (Trading) Ltd , is being reactivated and renamed NU-Horizon Training Ltd via formal written resolution. This approach has been adopted due to delays in establishing a new entity, with the existing company providing an appropriate legal and governance vehicle. The company will operate as a commercially focused, wholly owned subsidiary of UHI North, West and Hebrides, delivering industry-led training aligned to regional workforce needs.		
Board Structure	It has been agreed that: One existing Director from Lews Castle College (Trading) Ltd will be retained to ensure continuity. Lydia Rohmer will be appointed as an additional Director. This two-Director model strengthens governance by: • Providing resilience and shared accountability • Enabling appropriate challenge and oversight Addressing risks previously identified in a sole Director model.		
Governance Approach	NU-Horizon Training Ltd will operate as a separate legal entity, with Directors subject to the Companies Act 2006 A clear distinction will be maintained between company governance and the College Board In line with advice from North East Scotland College, governance arrangements will be proportionate and avoid duplication of full Board structures.		

Reporting and Oversight	Company Board to meet quarterly. A short formal report to be submitted to the Board of Management following each meeting. Oversight provided through: • Audit & Risk Management Committee • Finance & General Purposes Committee All key decisions will follow established governance routes to ensure a clear audit trail.
Financial Risk Management and Mitigation	Key safeguards include: <u>Ring-fencing:</u> The company will operate as a separate legal entity, wholly owned by the College, with no automatic cross-subsidy or open-ended financial support. <u>No open-ended guarantees:</u> Any financial support from the College will be explicitly capped, time-limited, and subject to Board approval. <u>Conservative financial modelling:</u> Projections are based on continuation of existing activity, with any new activity requiring discrete College Board approval. <u>Break-even and exit triggers:</u> Financial performance will be monitored against agreed thresholds, with defined loss tolerances and clear escalation to the College Board for decision-making. <u>Gift Aid mechanism:</u> Any distributable surplus will be returned to the College, supporting financial sustainability.
Governance and Control Framework	The company will be wholly owned by the College A schedule of reserved matters will require College Board approval, including: • Business plans and material changes to activity. • Borrowing, leasing, or long-term commitments. • Senior appointments and remuneration. The company will fall within the scope of: • Internal Audit arrangements. • Audit & Risk Management Committee oversight. Annual assurance will be incorporated into the College's governance framework, with externally audited accounts consolidated.

Risk Considerations	Governance risks associated with a sole Director model have been mitigated through the agreed two-Director structure. Financial and operational risks will be managed through: • Clear governance controls • Defined reporting and oversight • Formal approval thresholds and audit processes
Strategic Context	NU-Horizon Training Ltd will operate as an agile, employer-focused training company, enabling a more commercial and responsive approach while remaining aligned to college strategy and regional economic priorities.
Next Steps	Next Steps and Implementation Timeline Subject to Committee feedback and endorsement of the governance approach, the next phase of work will focus on establishing the operating parameters for NU-Horizon Training Ltd. This will include: • With support from colleagues and solicitors, development of a formal MoU/framework between the College Board and the Company, setting out: ○ Reserved matters requiring Board approval ○ Reporting and escalation arrangements ○ Financial delegations and approval thresholds ○ Expectations regarding governance, audit, risk, and compliance ○ Arrangements for performance monitoring and assurance • Development of the Company's high-level business plan, including: ○ Strategic objectives and priority activity areas ○ Financial projections and sustainability assumptions ○ Staffing and operational arrangements ○ Commercial development approach ○ Key performance indicators and risk management arrangements It is anticipated that these detailed arrangements will be presented to the Board of Management for approval in Autumn 2026 due to staffing changes, with implementation thereafter. This next phase will ensure the company operates with clear accountability, proportionate governance, and alignment to College strategic priorities while maintaining appropriate commercial agility.

	The Committee is asked to: • Note the governance, risk, and financial control arrangements. • Confirm that the proposed model provides appropriate assurance and oversight.
Link with strategy	Linked to both college strategy and in particular Income Generation Planning.
<u>Equality, Diversity, and Inclusion</u>	Ensuring our documents can be read and understood by everyone, including people with disabilities or impairments, is a legal requirement under the Equality Act 2010.
Island Community Impact	Not required in this instance. See the Island communities impact assessments: guidance and toolkit - gov.scot (www.gov.scot) •
Paper status	☒ Open – The paper may be circulated to non-members of the committee and published online without restriction. ☐ Restricted – The paper must not be circulated to non-members or published online until after the committee meeting. ☐ Confidential - The paper must not be circulated beyond the committee members and should not be published online. Some information is considered commercially sensitive. [Please note papers may still be subject to Freedom of Information requests – see below].
<u>Freedom of information</u>	Choose an item. FOISA exemptions Scottish Information Commissioner (itspublicknowledge.info) If closed/ withheld, select date this will become 'open': Enter a date.