

Principal's Report to the Board

Meeting: 26 November 2025

Reporting period: 15 September – 21 November 2025

Lydia Rohmer, Principal and Chief Executive

1. Executive Summary

This reporting period has been dominated by:

- **Sector-wide scrutiny in light of unprecedented college sector funding crisis:** publication of the SFC *Financial Sustainability Report* and Audit Scotland's *Colleges 2025* report, both of which note non-availability of UHI NWH's 2023-24 externally audited accounts.
- **Intensified regulatory pressure:** the college is concurrently supporting the **23-24 external audit**, the **24-25 audit**, and the **PwC due diligence exercise** commissioned by SFC for colleges requiring liquidity support.
- **Critical delays in external transformation and liquidity funding decisions:** UHI's requests to SFC for a tertiary-transformation mechanism for UHI NWH remains unresolved, alongside essential liquidity funding decision for the current year. The latter creates high risk for the college to be able to pay its bills and staff pay; the former stops the college progressing approval of a **voluntary severance (VS) scheme** and rolling out a single, integrated staff consultation on cost-reduction planning and organisational changes
- **Major internal insight work completed:** the two-year **Merger Evaluation Report** is nearing completion following extensive assessment and stakeholder engagement, with headline findings to be presented to the Board at its Strategy Day on 27 November. In parallel, the IIP report on staff work-related stress, following the May HSE staff stress survey, has reported, with an action plan now available.
- **Strong operational progress** on student recruitment, graduations, strategic projects and developments, and preparatory work for the strategy day.

The Board's support will be essential as we navigate year-end decisions on financial recovery, transformation, workforce planning, and staff wellbeing.

2. External Environment

2.1 National publications and scrutiny

SFC Financial Sustainability Report [Financial Sustainability of Colleges in Scotland 2022-23 to 2027-28 - Scottish Funding Council](#)

- Confirms severe funding pressure across the sector.

- Notes the increasingly challenging liquidity position for several colleges, including UHI NWH, with 11 colleges forecast to run out of cash next year, and 22 the year beyond.
- Highlights the need for strengthened governance, improved risk management, and earlier escalation of financial risks.

Audit Scotland – Colleges 2025 Report [Scotland's colleges 2025 | Audit Scotland](#)

- Emphasises significantly worsening deficits, pressure on cash reserves, and escalating capital/estate maintenance backlogs. The report references key elements of SFC’s financial sustainability report.
- Records that **UHI NWH’s 2023-24 audited accounts were unavailable** (without explanation) — a reputational risk the college continues to manage.

2.2 Section 22 and late-accounts context

- Public Audit Committee held a dedicated September session on the **Section 22 report** relating to the 2022-23 audit of Lews Castle College UHI. [Public Audit Committee 22nd Meeting, 2025 | Scottish Parliament Website](#)
- The college’s formal response of **17 October 2025**, following agreement with Deloitte on the Cnoc Soilleir valuation, has been acknowledged with no further correspondence to date.
- Although escalation now appears unlikely, some residual risk remains.

2.3 Governance expectations by SFC [SFC’s Expectations of Good Governance](#)

- SFC has published strengthened governance expectations following the **Gillies Report into the University of Dundee**, including for Board’s to lead on a strong culture of assurance, accountability, scrutiny and risk transparency, alongside regular internal and external Board effectiveness reviews, clear separation of audit and finance functions, and full adherence to the Financial Memorandum (between the college and UHI/UHI and SFC).

2.4 PwC Due Diligence

- Commissioned by SFC to assess colleges requiring liquidity support (including, but not exclusively UHI NWH).
- This also includes due diligence of baseline financial information underpinning the UHI transformation financial business case.
- This coincides with the 2023-24 and 2024-25 audits, creating significant audit burden.

2.5 Sector Advocacy – Colleges Scotland Budget Submission 2026-2027

- Colleges Scotland’s **Budget and Manifesto Demand (A budget to save Scotland’s Colleges)** aligns closely with UHI NWH’s concerns about financial sustainability at a time when colleges have been defunded by 20% in real terms since 2021-22, as well as maintaining the real terms value of rurality funding to address the necessary diseconomies of scale in the provision of college and university post-school education, given the additional high costs incurred by operating in the remote rural and island areas of the Highlands and Islands region.

3. Internal Risks and Strategic Challenges

3.1 Financial Recovery Plan – progress delayed due to external dependencies.

The FRP approved in June continues to progress, but momentum has been disrupted by external blockages:

- The college’s transformation funding-application received a negative response from UHI Partnership Council due to concerns about reducing FE activity in fragile rural and island communities where unmet demand is circa 20%.
- UHI requested in mid-October that SFC consider a tertiary-transformation mechanism for UHI NWH; no response has yet been provided.
- This prevents confirmation of the Voluntary Severance (VS) scheme envelope, which in turn prevents progressing consultation and equality/island equality impact assessment on potential course closures and redevelopments, including further potential staff-cost reductions.

3.2 Income Growth Strategy – resourcing requirement

- Substantial operational planning has been completed.
- Delivery requires additional staff time and targeted investment, which must be aligned with FRP sequencing and clarity over a new VS scheme.

3.3 Workforce, morale, and consultation sequencing

- Given the fragile staff and trade union relations, the college aims to avoid multiple overlapping staff consultations on potential staff-cost reductions.
- The preferred approach is a single integrated consultation, incorporating:
 - Cost-reduction proposals
 - Income Growth Strategy capacity building
 - Lecturer under-deployment
 - The 6-month organisational structure review agreed with trade unions.

Expected timeline, pending SFC response:

- VS scheme approval: **Board, UHI, SFC: late December 2025/early January 2026**
- Integrated proposal issued: **January 2026**
- Formal consultation: **January–March 2026**

4. Progress and Achievements

4.1 Student recruitment

- FE recruitment remains strong, with credit target expected to be reached as in previous years.
- HE recruitment up by almost 10% compared with this time last year, with signs that HE recruitment is recovering in line with UHI increases.
- Detailed recruitment analysis was received by the Learning, Teaching and Research Committee at its last meeting on 19 November 2025.

4.2 Celebrating student success

- Three highly successful college graduations were held in Thurso, Stornoway and Fort William, including conferring by UHI of an honorary doctorate for Dave MacLeod, a world-leading climber based in Fort William, and Andy MacLeod from Stornoway, former BA Adventure Tourism Management student of the college, who was confirmed by UHI as UHI Alumnus of the Year 2025.
- Student satisfaction results and student destination outcomes remain positive and amongst the highest in the sector. [Student Satisfaction and Engagement Survey 2024-25 - Scottish Funding Council](#)

4.3 Strategic projects

- Major capital and strategic-development programmes continue to advance, including:
 - Nigg/Easter Ross
 - Fort William and Mallaig estates
 - Thurso developments
 - Hydrogen Skills and Innovation Centre
 - Islands Growth Deal projects
 - Maritime/ports and wider international work
- Further detail will be provided at the Board's Strategy Day on 27 November 2025

- **Gaelic Language Plan** – the college’s revised Gaelic Language Plan was approved by Bòrd na Gàidhlig on 20 November 2025. The college will now work with BnG towards a formal launch of the plan.

4.4 Merger Evaluation Report (early evaluation two years post-vesting)

- The two-year Merger Evaluation Report is nearing completion.
- It is based on extensive qualitative and quantitative assessment and organisation-wide and stakeholder engagement.
- The consultant will present headline findings to the Board at the Strategy Day on 27 November, ahead of finalisation and publication of the report in early January 2026.
- The report will assess the extent of early benefits realisation, identify areas requiring further alignment, and draw lessons for UHI’s regional transformation programme. This, together with the IIP report and work-related stress action plan (see below and separate paper available for the Board), should provide an important information source for the Board when considering its response to UHI Transformation proposals in January 2026.

4.5 Anchor Institution

- A separate paper on the Board’s agenda for 26 November 2025 outlines progress and next steps, including timelines for assessment and reporting in the next quarter.

4.6 People and Culture – Work-related Stress

- The Board has available a separate report from the Director of People and Culture, containing the college-commissioned IIP report to further assess extent of staff related stress reported by the HSE survey undertaken in May 2025. has been reviewed.
- The staff-led **Rapid Response Actions Group** action plan has been presented to the college’s ELT and SMT teams and has been accepted. Board endorsement is sought, including oversight through the Board’s committee structure.

5. UHI Transformation

5.1 Board engagement session – 17 November 2025

Key points raised:

- The need for UHI to fully recognise staff concerns from the college and across the partnership.

- Clarity on the impact of UHI transformation proposals on UHI NWH’s rural and island mission.
- Importance of governance transparency and clear decision pathways.
- The urgent need for a clear tertiary vision for UHI which goes beyond traditional college and university structures, operations and governance, providing a clear opportunity for UHI to become a tertiary ‘demonstrator’ institution for Scotland and the UK.

5.2 Staff engagement

- A college-wide staff meeting with UHI Transformation has been scheduled for **8 December 2025**.
- A clear Board message is required reaffirming:
 - Commitment to student opportunity in fragile communities
 - Protection of the college’s merger mission in a transformed UHI
 - Need for a sustainable tertiary model for the region, which fully integrates all of the college’s tertiary operation, and respects FE as much as HE and research/KE.

6. Key Risks – Summary

Risk	Status	Trend	Commentary
Financial sustainability	High	↑	FRP dependent on SFC decision; liquidity pressures; delayed VS scheme; urgent response needed for the college’s FSP to deliver savings/growth scheduled for 2025-26
Staff wellbeing & morale	High	↑	Need for single consultation approach to further staffing and organisational changes; IIP/RRAG actions essential
Audit burden	High	↑	Concurrent 2023-24 audit, 2024-25 audit, PwC review impacting staff capacity
Reputational risk (reports & accounts)	Medium/High	→	National publications on financial sustainability note unavailable external accounts, affecting college reputation

Risk	Status	Trend	Commentary
UHI Transformation impact	Medium/High	↑	Uncertainty elevating staff anxiety; structural dependencies emerging
Delivery of strategic projects	Medium	→	Broad progress but requires careful monitoring of cashflow and sequencing, as well as investment in PMO and business case development

7. Proposed Actions for the Board

The Board is asked to:

1. **Support the college's position** regarding urgent clarification from SFC on a tertiary transformation funding mechanism as well as liquidity support for the current year.
2. **Approve the approach** to a single integrated consultation (pending SFC response).
3. **Note the substantial audit burden** and support internal capacity planning.
4. **Endorse key Board messages** ahead of the staff UHI-transformation meeting on 8 December.
5. **Review and oversee** the IIP/RRAG action plan.
6. **Receive and discuss** the Strategy Day briefings, including **Merger Evaluation Report headline findings** and major project priorities.

8. Conclusion

Despite severe external pressures and uncertainty, UHI North, West and Hebrides continues to demonstrate resilience, progress in post-merger integration, and deliver of its core mission of delivering more equitable opportunities and wider access to learning for rural and island communities. The forthcoming decisions on transformation funding, the VS scheme, and staff consultation will shape the college's trajectory into 2026. Board stewardship and clear strategic positioning remain vital as we enter this next phase.

ANNEXES

9. Media & News Releases (Mid-September to 20 November 2025)

10. Digital and Press Mentions (15 September to 20 November 2025)

11. Parliamentary Motion for UHI North, West and Hebrides, 14 November 2025

ANNEXES

9. Media & News Releases (Mid-September to 20 November 2025)

Date	Headline	Web reference
17 Sep 2025	Graduates are en-route for future careers in the subsea sector	“Graduates are en-route for future careers in the subsea sector” (nwh.uhi.ac.uk)
27 Oct 2025	UHI 2025 Prize for Engineering Excellence awarded to Andrew Greig	“UHI 2025 Prize for Engineering Excellence awarded to Andrew Greig” (nwh.uhi.ac.uk)
31 Oct 2025	Catriona MacDonald – Returning home to learn and reconnect	“Catriona MacDonald – Returning home to learn and reconnect” (nwh.uhi.ac.uk)
05 Nov 2025	Students honoured at UHI North, West and Hebrides graduation ceremonies	“Students honoured at UHI North, West and Hebrides graduation ceremonies” (nwh.uhi.ac.uk)
07 Nov 2025	World-renowned rock climber Dave MacLeod awarded Honorary Doctorate	“World-renowned rock climber Dave MacLeod awarded Honorary Doctorate from UHI” (nwh.uhi.ac.uk)
10 Nov 2025	UHI golf team launch silent auction to support championship season	“UHI golf team launch silent auction to support championship season” (nwh.uhi.ac.uk)
11 Nov 2025	Gaelic degrees take centre stage at UHI North, West and Hebrides careers event	“Gaelic degrees take centre stage at UHI North, West and Hebrides careers event” (nwh.uhi.ac.uk)
14 Nov 2025	Turn the page on Uist’s past with the launch of Uist Unearthed book	“Turn the page on Uist’s past with the launch of Uist Unearthed book” (nwh.uhi.ac.uk)

10. Digital and Press Mentions (Mid-September to 20 November 2025)

Date	Platform/Source	Headline/Description	Link
17 Sep 2025	News page (“Graduates are en-route...”)	“Graduates are en-route for future careers in the subsea sector” — UHI NWH news listing. (nwh.uhi.ac.uk)	https://www.nwh.uhi.ac.uk/en/news/graduates-are-en-route-for-future-careers-in-the-subsea-sector.html
27 Oct 2025	News page (“UHI 2025 Prize for Engineering Excellence...”)	“UHI 2025 Prize for Engineering Excellence awarded to Andrew Greig” – news listing. (nwh.uhi.ac.uk)	https://www.nwh.uhi.ac.uk/en/news/uhi-2025-prize-for-engineering-excellence-awarded-to-andrew-greig.html
31 Oct 2025	News page (“Catriona MacDonald – Returning home to learn...”)	“Catriona MacDonald – Returning home to learn and reconnect” – news listing. (nwh.uhi.ac.uk)	https://www.nwh.uhi.ac.uk/en/news/catriona-macdonald-returning-home-to-learn-and-reconnect.html
05 Nov 2025	News page (“Students honoured at UHI NWH graduation ceremonies”)	“Students honoured at UHI North, West and Hebrides graduation ceremonies” – news listing. (UHI)	https://www.nwh.uhi.ac.uk/en/news/students-honoured-at-uhi-north-west-and-hebrides-graduation-ceremonies.html
10 Nov 2025	News page (“UHI golf team launch silent auction...”)	“UHI golf team launch silent auction to support championship season” – news listing. (nwh.uhi.ac.uk)	https://www.nwh.uhi.ac.uk/en/news/uhi-golf-team-launch-silent-auction-to-support-championship-season.html
11 Nov 2025	News page (“Gaelic degrees take centre stage...”)	“Gaelic degrees take centre stage at UHI North, West and Hebrides careers event” – news listing. (nwh.uhi.ac.uk)	https://www.nwh.uhi.ac.uk/en/news/gaelic-degrees-take-centre-stage-at-uhi-north-west-and-hebrides-careers-event.html

Date	Platform/Source	Headline/Description	Link
14 Nov 2025	News page (“Turn the page on Uist’s past...”)	“Turn the page on Uist’s past with the launch of Uist Unearthed book” – news listing. (nwh.uhi.ac.uk)	https://www.nwh.uhi.ac.uk/en/news/turn-the-page-on-uist’s-past-with-the-launch-of-uist-unearthed-book.html
--	Facebook Page	Regular posts by UHI NWH’s official Facebook page (e.g., videos, course-start promotion). (Facebook)	https://www.facebook.com/uhi_nwh/
--	Instagram	Instagram handle @uhi_nwh shows campus, student-life and promotion posts. (Instagram)	https://www.instagram.com/uhi_nwh/
--	LinkedIn	UHI North, West and Hebrides on LinkedIn	https://uk.linkedin.com/company/uhi-north-west-and-hebrides?utm_source=chatgpt.com

Also see the central positioning of UHI North, West and Hebrides in the West Highland Chamber’s West Highland Manifesto, which includes prominent positioning of the need for a STEM Centre in Fort William. [Manifesto - West Highland Chamber](#)

This will now be also included in the Scottish Chambers Manifesto for Scotland.

11. Parliamentary Motion for UHI North, West and Hebrides

[S6M-19732 | Scottish Parliament Website](#)

UHI North, West and Hebrides Recognised at CND College Awards 2025

- Submitted by: [Alasdair Allan](#), Na h-Eileanan an Iar, Scottish National Party.
- Date lodged: Friday, 14 November 2025
- Motion type: Standard Motion
- Motion reference: S6M-19732

That the Parliament congratulates UHI North, West and Hebrides for being recognised by the CND College Awards 2025 and being named a finalist in four categories, including the Marketing and Communications Award for its Student Voices of the Highlands and Islands, which pays a living wage to students creating content on rural and island student life; wishes every finalist at the awards success, and acknowledges UHI North, West and Hebrides as advocates for rural and island students.

Supported by: Jeremy Balfour, Colin Beattie, Jackie Dunbar, Tim Eagle, Annabelle Ewing, Kenneth Gibson, Jamie Hepburn, Bill Kidd, Fulton MacGregor, Rona Mackay, Ruth Maguire, Stuart McMillan, Audrey Nicoll, Kevin Stewart, Paul Sweeney