

# Principal's Update to Board for its meeting on 26 March 2025

This paper provides an update on key developments within the college and sector developments impacting the college in the period since the last Board meeting on 12 December 2024-24 March 2025.

## 1. Changes in the External Environment impacting the college

### Scottish Budget Approval for 2025-26

The Scottish Budget was approved in February 2025. The budget allocation for college and university sectors is below inflation, representing a real term reduction for the fourth consecutive year. An analysis of the budget allocation for colleges and universities can be found here. [Further Education \(FE\) and Higher Education \(HE\) Budget 2025-26 – SPICe Spotlight | Solas air SPICe](#). Given further contraction of core funding, and uncertainty over funding of key areas including employer NI, teacher pension increases and treatment of capital allocation for RDEL purposes, the college will need to review its three-year financial sustainability plan. This is covered elsewhere in detail on the Board's agenda for discussion on 26 March 2025.

In addition, in December 2024 the Scottish Government added 'further education workers' to the Scottish Public Sector Pay Policy from 2025-26. This means that public sector pay policy has to be applied to college employees, rather than be 'included in considerations'. It also means that the public sector 2008 No Compulsory Redundancy Guarantee applies to colleges. Colleges would have to get SFC's permission should they need to make compulsory redundancies.

### Scottish Funding Council (SFC) FE Reform

SFC proposed at the end of February to go ahead with a comprehensive review of FE funding, and build this into core funding allocations for FE from AY 2025-26 onwards. This review creates significant uncertainty over how core FE funding and related premia, including rurality/remoteness and national pay harmonisation funding elements will be dealt with. Based on SFC's own modelling, college allocations going forward could vary between -6% and +4%. The model will also allocate colleges into one of six new college 'families'. No underpinning data or detail has been made available. No consultation has taken place prior to the announcement of this review, and despite having been requested to meet with UHI RSB and assigned UHI colleges, no meeting with SFC has been forthcoming since then. Indicative funding allocations for 2025-26 (to UHI as RSB) are expected by end of March 2025. UHI AP Principals have raised their concerns directly with Angus Campbell, Regional FE Lead for UHI.

### Colleges Scotland – Change to Governance Model

Colleges Scotland, the membership body for all colleges in Scotland, will change their governance model from April 2025, creating a new smaller trustee board for Colleges Scotland Ltd. The College Leadership Executive will be formed from the Colleges Scotland CEO and the Chairs of the College Chairs Group and the College Principals Group. Furthermore, there will be a new Council of Members which includes all chairs and Principals, focused on agreeing future sector vision and with ability to take forward resolutions (including AGM). The College Employers Association will continue as an arm's length organisation from Colleges Scotland. It

is hoped that these governance changes will make for a more agile, connected and representative organisation taking forward a refreshed vision to Colleges Scotland.

### **Financial Crisis of Tertiary Education Sector in Scotland**

A number of large HEIs are announcing significant changes in the way they operate, restructuring their organisations and cutting significant numbers of jobs. The recent evidence session of Dundee University and SFC with the Education Committee in Scottish Parliament indicates that there is heightened public scrutiny regarding fiduciary governance and financial sustainability planning, including indication by SFC that they will introduce 'hot reviews' for individual organisations at risk of financial failure. Whilst this is currently playing out very publicly in the university sector only, the college should take note and ensure maximum diligence for our own financial sustainability planning, including key financial risk identification and mitigation planning.

## **2. UHI Updates impacting on the college**

### **UHI Transformation**

A period of formal engagement with staff across the UHI partnership was launched from 10 March to 21 March 2024. Staff across all AP partner colleges received a standardised presentation delivered by Principals to inform them of the project, the rationale, options under consideration and processes to get involved. UHI North, West and Hebrides staff were offered three information sessions, each supported by Principal, Chair and Max Brown, Director of the UHI Transformation team.

As of 24 March, UHI have launched an external facing engagement campaign and website, including an engagement summary document and online survey which is live till 2 May 2025.

<https://www.transformation.uhi.ac.uk/en/>

### **Other strategic initiatives with UHI**

- A new UHI Free Greenport Strategic Forum – this forum, created in August 2024 for the three colleges in the Freeport operating area, has only met twice. It is expected that the newly appointed Director of Economic Development, Stephen Sheridan, will take this work forward from April 2025.
- The college continues to work with UHI on both the UHI Islands Strategy and the Islands Growth Deal projects relating to the Outer Hebrides, including completion of the Stornoway capital project, the Islands Centre for Net Zero and TalEntEd. The Stornoway capital project will be fully completed in April, on budget and on time, and will be formally opened by the Deputy First Minister Kate Forbes MSP on 12 May 2025. Other Island Growth Deal projects currently being commenced are reported elsewhere on the Board's agenda for 26 March 2025. The Principal recently represented UHI in a workshop with Scottish Government on development of a new Scottish Government Island Plan. The college will host the next UHI Islands Strategy residential in Stornoway in September 2025.
- Nigg Skills Academy – the college initiated a collaboration with UHI and sector stakeholders on a proposal for a future NSA model last August. Since then, development of a business case has been taken over by UHI. The college has provided support as requested; however, there are concerns about the rather slow progress of

this development and the college is currently looking at a Plan B to assure the college's skills provision to the Green Freeport should UHI not agree a forward plan.

#### ***Other UHI Updates impacting on the college:***

UHI have recruited three new senior roles – Depute Principal Academic and Research, Vice Principal Student Recruitment and Director Economic Development. A further programme of staff reductions has been carried out, with significant staff expertise leaving UHI. UHI partners continue to implement savings plans in isolation from each other.

### **3. College Updates**

#### **Trade union local dispute**

The joint local dispute raised by EIS FELA and Unison in late June 2024 occupied a huge amount of executive leadership time in the first six months of AY 2024-25 until December 2024 with multiple meetings and attempts to resolve the dispute.

In December 2024, Unison declared the local dispute resolved for their membership, which allowed the Board in January 2025 to agree to the college's request to implement the support staff structure, as consulted on and finalised reflecting consultation in June 2024. The college has since progressed outstanding consultations with individuals and take forward pay mapping to support equal pay and a harmonised pay structure, ensuring no detriment for support staff. Following completion of Performance Review and Development, and confirmation of individual job descriptions, posts will be further assessed for job evaluation, with outcomes fed into the national job evaluation exercise. This will also include research staff being mapped against UCEA equivalent pay scales to ensure a pay structure commensurate with UK-wide university pay grades and job families, which is an important component in informing successful research grant applications.

In December 2024, EIS FELA declared a failure to agree with the college's executive, and the dispute resolution process moved on to the Board. Following a meeting with EIS FELA in early February 2025, and an exchange of views, a final response is expected from EIS FELA to resolve the dispute by 21 March 2025.

The delay in implementing the college's new structure and all associated cost savings, as well as next steps in cost reductions planned for AY 2024-25 has cost the college over £440k (see Finance papers for board meeting on 26 March 2025). Possibly more importantly, it has caused significant uncertainty and stress of the college's staff.

#### **Merger Evaluation – SFC Requirements Confirmed**

A meeting has taken place with UHI's Director of Merger Integration and SFC, confirming that SFC will not seek a Year 1 Merger Evaluation report, but are looking for a merger evaluation at the end of Year 2 post-vesting. This will take the form of an evaluation report, based on a programme of evaluation activities and engagement with internal and external stakeholders. SFC in a recent meeting have confirmed that they would like to see an additional part to the merger report on lessons learnt from the three-college merger in relation to the UHI Transformation programme. The report should be available for the board in September 2025 and then will be made available to UHI and SFC.

## Strategic Planning

The college has finalised its timetable for development and approval of enabling strategies for the remainder of AY 2024-25, with all enabling strategies, including financial sustainability and draft strategic plan and related strategic risk framework to be completed by the end of this academic year, allowing for consultation on the draft strategic plan and final approval in September 2025.

## Strategic Projects

The college is building a portfolio of strategic projects, which is covered elsewhere on the Board's agenda for 26 March 2025, but includes the following:

### Islands Growth Deal Projects

- Campus Redevelopment Stornoway
- Islands Centre for Net Zero
- TalEntEd
- Creative Islands Wellbeing

### Creed Hydrogen Skills and Innovation Centre, Stornoway

#### Space

- Spaceport 1 – North Uist
- Sutherland Spaceport

### Outer Hebrides – Major Developers Forum

### Inverness and Cromarty Firth Green Freeport

- Green Freeport Skills Group
- Green Freeport Strategic Forum (UHI)
- Nigg Skills Academy/UHI Future Skills Academy

**Cnoc Soilleir** – see separate update in next section

**International Activity** for research partnerships, increase in international students coming to UHI for agreed growth courses at UGT level, and online PGTs for international delivery

**Campus Developments** for Fort William (covered elsewhere on the agenda for the Board), Mallaig (proposal re-submitted for government funding), with potential campus developments for Thurso, Dornoch, Alness, Benbecula and Barra to be further developed.

### College Capacity to deliver on Strategic Developments

The college is opportunity rich, but capacity poor, and will need to invest in order to realise all available opportunities. A priority plan is currently under development for inclusion with the college's draft income growth strategy.

## Cnoc Soilleir

### Benefits Realisation

A workshop hosted by HIE on benefits realisation took place in February, attended by Michael Foxley and Joe MacPhee. The college is currently reviewing the proposed actions in this context.

### **Membership Agreement**

Following internal review, the college met with Ceolas and has agreed a review of the membership agreement. A joint workshop has been scheduled, with a revised deadline of June 2025 for agreement of a new membership agreement.

### **Barra and Harris Unearthed – Funding success**

The college's two archaeology staff based in Cnoc Soilleir have been successful in attracting funding of £616,230 from multiple sources for this three year successor project to 'Uist Unearthed'. This project will allow for development of an archaeology research and teaching portfolio from Cnoc Soilleir.

### **Learn in Uist**

In February, the college has won the bid to run the Council-funded 'Learn in Uist' campaign, for which the college is currently contracting.

### **Phase 2 Development**

Phase 2 construction has commenced and is progressing as planned.

### **College Financial Sustainability**

The Board is receiving detailed reports for its meeting on 26 March updating on the college's financial performance against the three year financial sustainability plan and further options for financial recovery offered for discussion. A Mid-Year FFR has been shared with UHI and SFC in March 2025.

Whilst significant progress is being made on the three-year plan to return the college from deficit to surplus, Year 2 of the college's operation remains extremely tough in terms of further savings to be achieved, in light of the impact of the extended local trade union dispute, but also a highly challenging external funding environment impacting on the college, with new unplanned costs, real terms cuts to core funding, and removal of previously available discrete funds for student mental health, digital poverty and Flexible Workforce Development Fund for AY2024-25. Financial sustainability remains the college's biggest strategic risk.

### **Student Recruitment for 2025-26**

The college is monitoring student recruitment on a monthly basis, with growth in applications recorded for FE part-time and HE fulltime applications (compared to the same period last year), with the FE full-time remaining on a par. Significant marketing effort is under way, working in partnership with UHI, to maximise recruitment efforts and 'doors open' campaigns across all larger college campuses and centres, and for specific subject areas.

### **Significant Staff and Student Achievements and Recognitions in the report period**

The college's staff and students are continuing to develop the college's mission and are recording many successes. The college's marketing and communications team have created a new monthly spotlight, which is sent to all external stakeholders.

For the most recent editions, see

- [January 2025 Spotlight](#)
- [February 2025 Spotlight](#)

March 2025 Spotlight will be published at the end of March and is not available yet, but will be available [here](#), including news on Lantra Awards student success, new technology use in

Peatlands and Tourism research projects, international partnership visit with University of Upsalla from Sweden, student success in the Scottish Culinary Championships and Young Chef Ambassadors for the hospitality sector, Scottish Apprenticeship Week, International Women's Day, HISA Student Election Results, a new public lecture series in Stornoway funded by the IET, and achievement of Cyber Essentials + 2025.

### **Principal's external engagement in the reporting period**

- Campus Visits and staff/student engagement: Fort William, Portree, Thurso, Stornoway, Ullapool
- Local Advisory Committees: North, West and Outer Hebrides
- Scottish Parliament – Representing Colleges Scotland as expert witness for Education committee's enquiry on Fair Access to Higher Education (26 February 2024)
- Scottish Government – Representative for Colleges Scotland on Ministerial Access Delivery Group/HE Round Table (February 202)
- Scottish Government – Economic Development Directorate; meeting on co-investment opportunities with industry and colleges
- Scottish Government – meeting on new Islands Plan (March 2025)
- Colleges Scotland/Universities Scotland – Co-Chair Joint Articulation Group meeting (March 2025)
- Colleges Scotland Q&A on International Women's Day, March 2025
- Meeting with HIE area manager Alastair Nicolson to discuss economic development opportunities in the West Highlands (December 2024)
- Meeting with Ceolas (February 2025)
- Focus North board meetings – February 2025
- Fort William Mountain Festival – Award Sponsor for Youth Award for Excellence in Mountain Culture (February 2025)
- CnES Meetings with CEO, Directors of Education, esgoil/Gaelic development, and economic development (February 2025)
- Panellist on West Coast Vision Conference for Community Wealth Building, West Highland Chamber, Fort William (March 2025)

## **4. Outlook**

Significant progress has been made with the college's merger priorities, including development of three-year growth plans building on the now fully integrated single Curriculum Plan and Offer (see Curriculum and Student Experience Report elsewhere on the Board's agenda for 11 December 2024), implementation of an interim integrated new college structure and integrating new teams and ways of working, and financial sustainability planning.

The college continues to do well to achieve transformation change whilst maintaining its core business, in particular high levels of student engagement and satisfaction, in light of national industrial action in Year 1, and an as yet to be fully resolved local trade union dispute since end of June 2024.

The college has made excellent progress in establishing and developing its brand and information systems and has secured key external assurance from SQA, Cyber Essentials and Education Scotland. There are many student and staff successes to recognise and celebrate,

and promising prospects for successful strategic engagement and economic development which can deliver growth for the college in line with merger business plans.

However, the college needs to resolve the local dispute raised by trade union representatives as a matter of urgency now to ensure staff have certainty over their own individual roles within the new structure, the new college structure can be fully implemented and vacancies can be filled, and the college can take forward its full development agenda for empowered teams, leadership development and strategic development and growth so as to realise its merger ambitions and benefits, including staff and college wellbeing. The college will need the Board to implement the curriculum college structure as soon as possible, building on the implementation work we have been able to take forward with support staff since resolving the local dispute with Unison at the end of December.

The college also needs a period of stability to deliver and consolidate its programme of change. The Chair's comments on needing to build on the college's merger experience and the need for a phased approach to further change have been well received by staff in recent information sessions on UHI Transformation. We will continue discussion with the Board how best to engage with UHI's Transformation Programme whilst the college is still in a key post-merger integration phase, as well as securing resource to create capacity to support organisational excellence and convert strategic growth opportunities into actionable business plans.

Significant effort continues to be required to build a new college operating model and effective college culture and leadership at all levels this and next year, at a time when there is no additional resource available to the college to support transformative change of this scale, and in an environment of financial austerity.

In the next quarter, the college will focus on developing a refreshed college strategy, including completion of its full strategic planning framework. A key focus will need to be a further deep dive into financial sustainability planning, combining further savings and priority income growth plans for the Board's approval in June 2025.

Finally, the college will embark on its first post-merger evaluation report and engagement programme in the next quarter, covering Years 1 and 2, benefits realisation and lessons learnt. The lessons learnt from this will be shared with UHI and partners to help support the wider UHI Transformation programme.

Lydia Rohmer, 24 March 2024.