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# **UHI North, West and Hebrides**

Charity Registration No. SC021215

**Report and Financial Statements  
for the Year Ended 31 July 2024**

## UHI North, West and Hebrides

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## **PERFORMANCE REPORT**

### **Performance Overview**

This Performance Overview provides a summary of UHI North, West and Hebrides' performance for the year ended 31 July 2024. It highlights the College's purpose, operating environment, strategic objectives and business model, principal risks and uncertainties, and key performance outcomes for the first year of operation following the merger of three legacy colleges on 1 August 2023. It includes a statement from the Principal and Chief Executive.

Academic year 2023–24 represents a significant transition year. Alongside the delivery of core further and higher education activity, the College focused on embedding new governance, leadership and operational arrangements while responding to continued external pressures, including demographic change, a highly competitive labour market and sustained cost inflation.

#### **1) Principal and Chief Executive's Statement on Performance**

Academic year 2023–24 marked the first full year of operation of UHI North, West and Hebrides following the merger of North Highland College, UHI West Highland College and Lews Castle College on 1 August 2023. It was therefore a year defined by both continuity of delivery and significant organisational transition, as three colleges came together to form a single institution serving some of Scotland's most remote rural and island communities.

Throughout the year, staff demonstrated exceptional commitment and adaptability in supporting students during a period of sustained economic and social post-Covid challenge. The continuing cost-of-living crisis, combined with a buoyant regional labour market, affected patterns of learner participation, particularly among full-time students. Many learners faced difficult choices between employment and study. In response, staff continued to innovate in their approaches to teaching, learning and student support, enabling increasing numbers of students to remain engaged through part-time, flexible and blended modes of delivery.

A major focus of the year was the successful delivery of the merger on the planned vesting date and the establishment of new leadership, governance and operational arrangements. I am pleased to report that the merger was implemented as planned and that the College entered its first year of operation as a single institution with stable governance and a clear strategic framework. Alongside this structural integration, a number of early developments during the year illustrated the opportunities created by operating at greater scale. These included strengthened cross-regional collaboration, the integration of key professional services functions including student support services, finance, HR, marketing and strategic communications and engagement, alongside enhanced capacity to respond to employer and partner needs across the region.

The College continued to deliver strongly against its Further Education activity targets in 2023–24, exceeding its funded credit target, reflecting sustained demand for vocational, skills-based and flexible provision. Higher Education undergraduate taught activity was below target, reflecting demographic trends, strong competition from universities and high levels of employment opportunity across the Highlands and Islands. These performance outcomes, and the factors influencing them, are explored in more detail in the Performance Analysis section of this report.

Quality assurance and enhancement remained central to the College's mission throughout the year. The College received a 'satisfactory' (highest grade) outcome from its annual progress visit by Education Scotland, with a significant number of areas of positive practice identified, including the continued enhancement of blended and flexible learning approaches. These approaches are essential to effective delivery across a large and geographically dispersed rural region. The areas for development identified through the visit are informing enhancement planning and are overseen through the College's governance and quality assurance arrangements.

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The year also saw continued growth in opportunity and activity across the region. The announcement of Green Freeport status for the Cromarty Firth in January 2023 represented a significant economic opportunity for the Highlands and Islands. The College played an active role in supporting early development work, with senior staff contributing to the preparation of the Outline Business Case, positioning the College to support future skills, training and workforce requirements linked to this development.

Research and knowledge exchange activity remained a distinctive strength. During the year, teams within the Environmental Research Institute (ERI) received two Scottish Knowledge Exchange Awards for innovation, recognising work on water innovation and biochar nutrient recovery projects. The College also hosted the international Peatlands Conference in Thurso, bringing together the international scientific community to reflect on progress in peatland research and to consider future challenges as the Flow Country continues its journey toward potential UNESCO World Heritage Site status. These activities exemplify the College's role in delivering research with direct relevance and impact for place, environment and community.

Despite significant financial pressures arising from flat-cash funding settlements, inflationary cost increases and workforce cost pressures, the College continued to deliver highly relevant provision across a geographically dispersed network of campuses and learning centres. The financial position and principal risks facing the College are set out later in this report, alongside the actions being taken to ensure long-term sustainability.

I would like to record my sincere thanks to our staff, students, Board of Management, local advisory committees, UHI and our partners for their unwavering support, professionalism and commitment throughout this formative year. The foundations laid during 2023–24 — including the successful delivery of the merger, early integration of teams and the continued strengthening of our regional role — provide a strong platform as the College moves into the next phase of consolidation, enhancement and delivery.

As set out in the Strategic Objectives section of this report, the College remains focused on financial sustainability, an excellent student experience and ensuring that our rural and island communities in the Highlands and Islands region continue to benefit from accessible, high-quality tertiary education and impactful research, knowledge exchange and innovation.

### **Purpose, Operating Environment and Business Model**

UHI North, West and Hebrides is an anchor institution within the Highlands and Islands, delivering further and higher education, research and knowledge exchange across 19 campuses and learning centres spanning the North and West Highlands, Skye and the Outer Hebrides.

The College operates within a complex and evolving environment shaped by demographic change, rural depopulation, skills shortages, high-cost inflation and highly constrained public sector funding. As an assigned incorporated college, the college is accountable to the Scottish Funding Council via UHI as the Regional Strategic Body for the Highlands and Islands region for all further, higher education and research grant funding received. The College contributes to the regional outcome agreement UHI has with the Scottish Funding Council, and in doing so responds to national policy priorities while working closely with regional partners, employers and communities to support economic development, workforce upskilling and inclusive growth.

Delivery is underpinned by a multi-modal model of provision, combining campus-based learning with blended technology enabled, locally supported delivery to ensure access for learners across dispersed rural and island communities. The College's integrated tertiary operating model enables curriculum delivery, student support, research activity and enterprise engagement to be coordinated at scale while remaining locally responsive.

### **Strategic Objectives**

The College's Strategic Statement 2023–2026 sets out the priorities for the first three years of the merged institution and is informed by the approved merger business case. The strategic objectives focus on:

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- achieving long-term financial sustainability;
- growing and diversifying curriculum aligned to regional and national priorities;
- strengthening research and knowledge exchange;
- enhancing the student experience across all modes and locations of delivery;
- developing cohesive and responsive enterprise and engagement functions; and
- building resilient organisational structures and workforce capacity.

Progress against these objectives is monitored through performance indicators, governance reporting and external assurance.

### **Key Risks and Uncertainties**

The principal risks facing the College during 2023–24 included:

- challenges in meeting student recruitment and activity targets due to demographic trends and labour market conditions;
- financial sustainability pressures arising from flat-cash funding, pay inflation and rising operating costs;
- workforce cost pressures associated with job evaluation and pay reform;
- cyber security and information governance risks; and
- wider economic and geopolitical uncertainty contributing to inflationary pressures.

Mitigating actions are in place and are monitored through the College's risk management framework and oversight by the Board through the Audit and Risk Management Committee.

## **2) Finance**

In 2023-24 the College generated an adjusted operating deficit of £2,531k, reflecting a consolidation of the three legacy colleges that all reported financial deficits in 2022-23 (£1,863k combined) and includes organisational restructuring costs (staff voluntary severance costs £993k plus other merger related costs)

In preparing our 2024-25 budget we considered several different scenarios, in what is a very uncertain financial environment.

The main sources of pressure are likely to be from:

- Receiving no additional budget to manage inflationary pressures i.e., flat cash Scottish Funding Council core teaching grant.
- Continuing widening access agenda where universities have grown their student base reducing entrants to college education.
- Competitive and economic market pressures on commercial income activities.
- No funding from the Flexible Workforce Development Fund, which was discontinued by the Scottish Government in their 2024/25 Budget.
- Continuing inflationary cost rises including National Pay Bargaining pay awards and increases in other pay costs – employer national insurance and teaching staff pension contributions.

We also updated our financial forecast out to 2026-27, in line with the assumptions provided by the Scottish Funding Council, as well as alternative assumptions on pay rises and inflationary increases supplied by the Finance Directors Network. Both sets of assumptions return large deficits for the College prior to mitigating actions.

The College is required to take significant future action to balance the underlying positions each year and has a change programme in place to help manage this. As part of our financial planning process, actions are being considered and have been implemented to seek to mitigate the deficits over the planning period and ensure that the College can maintain and deliver its services to our students and wider stakeholders.

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### **3) Legal Status**

The College was established in 1993 and incorporated under the Further and Higher Education (Scotland) Act 1992 on 1 April 1993. It is a registered charity (Scottish Charity Number SC021215) and is recognised by HMRC as a charity for the purposes of Section 505, Income and Corporation Taxes Act 1988 and is exempt from corporation tax on charitable activities. The College receives no similar exemption in respect of Value Added Tax.

On 31 March 2014, the Office for National Statistics reclassified the Scottish College sector as a department of central government. Under the Assigned Colleges (University of the Highlands and Islands) Order 2014, the College was assigned to the University of the Highlands and Islands as part of the Highlands and Islands Regional Strategic Body (RSB).

On 1 August 2023, the College merged with Lews Castle College (trading as UHI Outer Hebrides) and UHI West Highland College. As a result of this merger, all the assets and liabilities of UHI Outer Hebrides and UHI West Highland College were transferred to UHI North Highland College on 1 August 2023 and UHI North Highland College subsequently formally changed its name to The Board of Management of UHI North, West and Hebrides.

### **4) Business Model and Operating Environment**

The College is an anchor institution of scale and impact within UHI, and the region, supporting students and staff across 19 learning centres and campuses stretching across the North and West Highlands, Skye and the Outer Hebrides.

In academic year 2023-24 the College enrolled 7,104 (2022-23: 8,421) students, with approximately 22% (2022-23: 20%) studying full-time and the remaining 78% (2022-23: 80%) studying on a part-time basis

Through its Regional Outcome Agreement with the Scottish Funding Council, the College responds to the Scottish Government's national policy drivers, while also collaborating with regional partners and local businesses in improving opportunities for the people of the North and West Highlands, Skye and the Outer Hebrides, in helping the region's young people progress to work or higher education, and in supporting businesses through professional updating and workforce development.

### **5) Vision and Values**

#### **Our Vision**

To be an anchor institution for the region – a connected, flexible and sustainable learning organisation, opening doors to a world of opportunities

#### **Our Mission**

To connect rural and island Scotland, pioneering distinctive education and research opportunities to enable our students and communities to shape their future in a changing world.

#### **Our Values**

- + **Trust:** We take pride in what we do. We are highly trusted by our students, staff and partners. We are recognised for our leadership and dedication to deliver more for all whom we serve.
- + **Integrity:** We take responsibility for all that we do, assuring transparency and accountability. We ensure people are at the heart of everything we do and that our organisation operates in collaboration and openness, with an ethos of dignity and respect for everyone.
- + **Excellence:** We are ambitious for our learners, our staff, our college and our communities. We drive innovation, aim to be sector leaders, and benchmark our performance on national and international standards.

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### Our behaviours

- + **Be bold.** We are confident in our ability to transform tertiary education for our region, connecting individuals and communities to learning and education.
- + **Be agile.** We encourage new ways of thinking, supporting our people to explore new ways of thinking and doing things, responding and adapting quickly through research and innovation.
- + **Be collaborative.** People working together are at the heart of everything we do. We value our ability to collaborate through a diverse workforce, where every voice matters.

### Our key themes

- + **Anchor institution:** Support economic regeneration; enhance research, commercialisation, and internationalism; attract, retain and nurture talent; and become a sector leader for tertiary education.
- + **Resilience and sustainability:** Remain financially sustainable, ensure a resilient service and networks; develop the workforce and empower staff; a fair work employer.
- + **Innovative tertiary education:** Curriculum growth in renewables, engineering, aquaculture, Gaelic language, and digital education. To become a national leader for lifelong learning. Availability of multi-location flexible programmes.
- + **Excellent student experience:** Increase student satisfaction, access to wider social opportunities, enhanced and flexible learning offer, active student voice.
- + **Thriving communities and place:** Multi-purpose flexible estate; ingrained in communities; community learning; supporting population growth; working towards net-zero communities; local provision for local requirements.
- + **Enhanced research: Regional projects;** growth in specialisms; research led teaching/curriculum development; impact case studies invested in place; internationalisation of research.
- + **Impactful economic investment:** Increased and focused business development; coordinated projects of scale; enterprising communities.
- + **Enabling culture:** Online access to language degrees, training of secondary school teachers, Nordic culture development, investment in community.

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**6) Strategic Priorities**

The College’s ‘Strategic Statement 2023-2026’ covers the first three years of the merged college’s operation and is informed by the strategic aims and objectives set out in the merger business case, which was widely consulted on with internal and external stakeholders and approved by the Scottish Government.

**1 To become a financially sustainable, joined up organisation**

**Benefits**

- + Longevity of college
- + Continued access to tertiary education across region
- + Equality of opportunity and experience across region

**Measurements**

- + Financial key performance indicators
- + Ability to invest
- + Ability to fund multi-year capital investment programmes

**2 To grow curriculum, particularly in key areas that link with our research and commercial opportunities (blue and green economies/Gaelic language)**

**Benefits**

- + Increased learning offer
- + Widened access through multi-modal delivery model
- + Up to date, relevant curriculum for communities
- + Being a credible choice for local, regional and international students Increased alignment to Scottish Government priorities and regional needs.

**Measurements**

- + Increased student numbers at all levels, including apprentices.
- + More upskilling, short courses and continues professional development opportunities
- + Increased international students.
- + Increased unregulated income and funding focussed on skills development/alignment.

**3 To grow research and knowledge exchange through connecting our current specialisms and developing them alongside our region’s potential**

**Benefits**

- + Increased research income
- + Enhanced research profile
- + Upskilling of staff and local communities
- + Growth of knowledge exchange

**Measurements**

- + Increased number of full-time equivalents submitted to REF2027
- + Increased postgraduate research students.
- + Increased staff engaged in postgraduate research supervision.
- + Increased number of publications in peer review journals
- + Increased funded knowledge transfer projects/innovation vouchers.
- + Increased number of applied research funding applications that are net-zero.
- + Heightened impact of research outputs
- + Increased number of applied research funding projects
- + Increased professional recognition for staff e.g. Fellows, Senior Fellows, Principal Fellows

**4 To enhance the student experience through connecting our sites, resources, communities and multi-location programmes**

**Benefits**

- + Increased student retention
- + High student satisfaction
- + Inward migration
- + More viable programmes
- + Enhanced student culture

**Measurements**

- + Improved student survey results
- + Increased completion and progression rates
- + Increased student numbers.
- + Improved leaver destination data
- + External quality reports/endorsements
- + Increase numbers of underrepresented learners

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**5 To have cohesive and responsive business development teams who can respond effectively and purposefully to opportunities of scale**

**Benefits**

- + Coordinated, responsive networks across the region
- + Multi-region teams who cross collaborate to provide training solutions and knowledge exchange in multiple locations
- + Single point of contact for key industry stakeholders
- + Resource to identify opportunities and respond proactively

**Measurements**

- + Increased non-regulated income
- + Enhanced reputation
- + Enhanced stakeholder relations/satisfaction
- + Increased offering in industry specific skills
- + Improved engagement with employers/employees for curriculum development

**6 To have resilient team structures and depth of resource to address changing priorities, opportunities and economic difficulties.**

**Benefits**

- + Efficiency in services through specialist teams
- + Efficient and consistent processes for students
- + Efficiency and resilience through combined resource, reduced dependences
- + Joint delivery of curriculum by diverse teaching staff
- + Capacity within curriculum to focus on new and innovative ways of delivering learning
- + Service improvements

**Measurements**

- + Increased curriculum offer
- + Improved staff wellbeing
- + Increased staff progression
- + Increased student satisfaction
- + Increased staff CPD

**7) Key Issues and Risks**

The main risks to the College are:

- Student targets being met for both Further Education (FE) and Higher Education (HE) given the demographics in schools, and the buoyant job market.  
*Risk Mitigation - Student numbers are consistently above the allocated targets for FE and demand exceeds available FE credits. . The college works closely with UHI on HE student recruitment, and shortfalls against target in 2023/24 have been substantially offset by the SFC waiving clawback of grants relating to under-delivery of HE in previous years.*
- Financial sustainability due to unfunded increases in staff salaries and on-costs, the projected impact of Job Evaluation for Support staff and the financial repercussions following therefrom.  
*Risk Mitigation – Seeking to influence government funding policy through engagement with Colleges Scotland, increase non-core funding, seek efficiencies and cost savings, seeking public and private partnerships and commercial opportunities.*
- IT security breaches, whether internal or external.  
*Risk Mitigation – ensuring adherence to policies and procedures, including cyber security processes, compliance aligned with UHI, mandatory information security training.*
- Wider International situation of Ukraine leading to higher fuel prices and contributing to higher inflation; also, the possibility of increased cyber threats.  
*Risk Mitigation – UHI and College IT teams have been carrying out continuous cyber security work and testing. Some wider international risks are very difficult to mitigate.*

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- Changes in school demographics may mean a more challenging target for curriculum enrolments.  
*Risk Mitigation - There is greater engagement with local schools, particularly senior phase curriculum delivery with pathways into FE and HE courses.*

**8) Performance Summary and Overview**

The College delivered Further Education credits totalling 22,874 in the year (2023: 24,517), against a target of 22,284 credits. In academic year 2023-24 activity was delivered under collaborative Further Education arrangements with Argyll College.

Credit delivery against target for 2023-24 and 2022-23 was as follows:

	Achieved		Target	
	2024 Number	2023 Number	2024 Number	2023 Number
Lews Castle College		4,919		4,760
North Highland College		11,838		12,400
West Highland College		7,760		7,600
North, West and Hebrides	22,874	24,517	22,284	24,760
Argyll College	7,020	7,072	6,300	6,938
	<u>29,894</u>	<u>31,589</u>	<u>28,584</u>	<u>31,698</u>

Argyll College became an assigned college during 2017-18, and its funding goes directly to it from UHI, though its FE activity is still reported through UHI North, West and Hebrides.

Higher Education activity in academic year 2023-24, as measured by full time equivalents (FTEs), amounted to 658.4 FTEs (home fee status/UGT) compared with 741 FTEs in 2022/23. The Higher Education activity target was 781.8 FTE. Figures exclude international and Rest of UK students, postgraduate taught programmes and controlled numbers, e.g. in primary education, which are reported separately.

The College has developed a range of performance measures that are used to report progress to the Board and the Senior Management Team on a regular basis throughout each year.

The trend of enrolments and student activity is as set out below. Higher Education activity is reported separately and funded through UHI. The table below shows Credits and Higher Education FTEs for UHI North, West and Hebrides. The College under-delivered on the 23/24 HE FTE target but exceeded its FE credit target.

Mode of attendance	2024 Actual Count	2024 Target Count	2023 Actual Count	2023 Target Count
<b>Further Education Enrolments</b>				
Full-time	821		747	
Part-time	4,685		6013	
Total Enrolments	5,506		6760	
Credits Delivered	22,874	22,284	24,517	24,760

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Higher Education Enrolments				
Full-time	662	782	704	864
Part-time	929		957	
Total enrolments	1591		1661	
Total FTEs	658		741	

**Performance measures (KPIs)**

KPI	Purpose	Actual 2024	Trend	Actual 2023
FE Activity in Credits	Number of Credits per year	22,874	decreasing	24,517
Student numbers	Students enrolled on FE courses after census date	5,429	decreasing	6,611
Overall early retention	Measures student retention before cut-off date	96.8%	stable	96.7%
Overall retention	Measures student retention	86.2%	decreasing	87.6%
Student outcome FE	Measures FE student success	74.5%	decreasing	75.7%

**Student Recruitment and Achievement**

In academic year 2023-24, the College’s FE credit target was exceeded by 2.6%, achieving 22,874 credits against the target of 22,284. HE undergraduate taught funded enrolments were below target at 658.4 FTE against a target of 781.8 FTE. The College continued to recruit well against its Postgraduate student target.

FE student achievement across all modes of study was 74.5% (2023-24). This represented a decrease of 1.2% the previous year’s figure of 75.7%. Achievement on full-time programmes in 2023-24 was 61.5% and represented a decrease of 5.2% against the previous year’s 66.7% figure. High job vacancies in the area continued to influence full-time student withdrawal and recruitment. Consequently, we continue to modify the curriculum offer and available modes of delivery to support workplace learning and enable students wishing to take up employment mid-programme to continue to study and complete their qualifications whilst in work.

**Education Scotland Annual Engagement Visit Report**

In June 2024, Education Scotland conducted our annual engagement visit (AEV). The report outlined multiple aspects of positive practice, found two main points for action and highlighted five areas for development. These development areas inform our college enhancement plans.

**Student Satisfaction**

Student satisfaction remained high with 92% of FE students reporting overall satisfaction in the annual student satisfaction and experience survey (2023-24). Final year HE students returned a 77% positive response to the question relating to overall student satisfaction in the national student survey (2023-24).

## Performance Analysis

UHI North, West and Hebrides in conjunction with key stakeholders draws up an annual Regional Outcome Agreement, which is signed off by SFC. This makes up the basis of the College's activity in terms of the volume and subject area of credit activity agreed with SFC, along with outlining the College's role within the key priority areas which are set by Scottish Government.

The College also develops annually a financial plan including commercial delivery as well as SFC funded activity. Each department produces an operational plan outlining their key objectives, in conjunction with the Annual Plan and overarching College Corporate Strategy, Regional Outcome Agreement and key college strategies and plans, linking in with external stakeholders.

Overall activity is managed by the Senior Management Team at fortnightly meetings where student activity targets are monitored along with performance against budget and achievement of planned activities for the year. Financial performance is also monitored quarterly by the Board of Management. The Board of Management is informed of the progress made towards key targets and performance, through individual business reports and the Chief Executive's Report.

Following the merger of three colleges, UHI North, West & Hebrides has built on the strengths of each institution to enhance its ability to support students, businesses, and communities. By integrating key departments such as Business Development, Marketing, Reception, and Customer Services, the College has formed a unified Enterprise, Engagement, and Marketing team under the leadership of the Director of Enterprise and Engagement. This restructuring has enabled the College to address the diverse needs of its stakeholders more effectively, ensuring a seamless and responsive approach to addressing the needs of the communities we serve.

A key outcome of the merger has been the College's extended ability to satisfy employer-training needs. Building on the strong industry connections of the merged colleges, UHI North, West & Hebrides has actively supported regional and national employers in training, upskilling, and reskilling their workforce. This focus has led to the development of new partnerships and the strengthening of existing relationships, reinforcing the College's position as a trusted partner for businesses. We are ideally placed to support the once in a generation opportunities that are presenting themselves with green energy and the Inverness and Cromarty Firth Green Freeport.

To further strengthen ties with local businesses and communities, the College has established a network of Local Engagement Leads. These roles are designed to engage directly with local stakeholders, offering tailored solutions to meet specific training and development needs. By acting as key points of contact, the Local Engagement Leads ensure that UHI North, West and Hebrides remains deeply connected to the needs of the communities we serve. School liaison is also a critical component of this strategy, enabling the College to identify educational pathways for young learners and align its programs with both employer expectations and student aspirations.

To ensure we meet the needs of our stakeholders, the College has introduced Project Leads within the Enterprise team. By working closely with curriculum teams, this position is instrumental in developing innovative courses and creating business cases to align the curriculum with industry needs.

The adoption of a business partner approach further supports the alignment of marketing, enterprise and curriculum areas. This strategy tailors marketing efforts to the unique needs of specific target audiences, ensuring that promotional activities are both informed and effective.

As we bed in our new approach to Enterprise, Engagement and Marketing we look forward to enhancing the cross-college collaboration as we work on maximising on the vast array of opportunities on the horizon.

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### **9) Financial Review Summary**

These financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice 2019 (“SORP”): ‘Accounting for Further and Higher Education’; the Financial Reporting Standards FRS 102 and the 2023/24 Government Financial Reporting Manual (FRM) and in accordance with applicable Accounting Standards.

They conform to the 2023/24 Accounts Direction for Scotland’s Colleges and other guidance issued by the SFC.

The Statement of Comprehensive Income and Expenditure shows a deficit before other gains and losses of £4,337k for the year (2023: deficit of £4,528k).

In line with Audit Scotland guidance, the College key financial metric is the adjusted operating position. For 2023/24 the adjusted operating position was a £2,531k deficit, compared to a combined prior year deficit of £1,863k for the three legacy colleges. The College has benefited from several one-off increases in funding primarily from UHI and the SFC which has allowed it to undertake a significant voluntary staff severance programme throughout the year, which resulted in significant annualised savings in staff costs.

In addition, the College has worked hard to generate additional income streams whilst containing both staff and non-staff costs. Most of the cost savings relate to the efficiencies delivered from the merger and impact of the voluntary severance scheme launched during the year. Further savings due to both factors are included within the 2024-25 budget.

#### **Income**

Total income was £25.5m for the year (2023: £25.6m).

Income from SFC recurrent grant funding and tuition fees and education contracts saw a combined reduction of 3.2% in the year to £19.7m due to flat-line FE grant and a fall in HE student numbers.

The College has provided in full for estimated grant clawbacks against the recurring grant income received.

Other funding body grants (excluding recurrent grants) increased by £1.1m. Of this, £0.59m was in the form of flexibility granted by the SFC on the use of capital grant funding for estate maintenance, and a proportion of the capital grant being accounted for as revenue in 2023/24. There was an adjustment made in accordance with the SFC’s Accounts Direction to reduce income in the 2022/23 accounts by removing the debtor relating to the national support staff job evaluation exercise, and this accounts for £0.52m of the year-on-year increase in reported income.

Other grant income decreased by £0.6m mainly due to the reduction in the release of deferred capital grants. This is a non-cash item. Other grants increased slightly and represents the receipt of development grants which are expended in year on equipment and additional staff.

Other operating income (excluding deferred capital grants released) was in line with the previous year, although other income decreased by £0.25m.

#### **Expenditure**

Expenditure at £29.8m, was lower by £0.37m in comparison to 2022/23. This was the result of reductions in staff costs and other operating expenditure of £0.1m and £0.3m respectively.

Staff costs, excluding pension and voluntary severance costs, decreased by £0.6m (3%) compared to the prior year, reflecting the in-year staff cost reductions made.

By 31 July 2024, the staff voluntary severance scheme resulted in 31 FTE / 41 headcount reduction (2023: 10 FTE / 10 headcount) from staff who took advantage of the scheme to leave the College. The costs relating to staff leaving during the year were £993k. The full annualised benefit of the cost savings from the scheme will be seen in 2024/25.

Other Operating Expenses reduced by £0.34m (5%) due to cost savings achieved as a consequence of the merger, supported by the application of appropriate budgetary control.

## UHI North, West and Hebrides

### Balance Sheet

Tangible fixed assets at the year-end totalled £50,270k, a net increase of £535k compared to the prior year. This increase is the net result of the full valuation of all College land and buildings in the Outer Hebrides. Depreciation charges of £2,761k were incurred during the year which are consistent with the previous year.

Net current liabilities increased by £3,284k due to merger and operational funding loans totalling £2,980k received during the year from UHI. On 31 July 2024, the College had an accumulated deficit of £396k (2023: £1,939k surplus) on its Income and Expenditure Reserve.

### Cash Flow

The year-end cash balance was significantly higher than the previous year (2024: £1,940k versus 2023: £1,202k) due to the drawdown of operational funding from UHI for costs that were not incurred until the first quarter of 2024/25. This is further analysed in the Treasury Management section.

## 10) Cash Budget for Priorities

Following their reclassification as central government bodies from 1 April 2014, colleges are now also required to comply with Central Government budgeting rules. In addressing the impact of these budgeting rules, Scottish Government and SFC committed to providing the cash budget previously earmarked for depreciation for use on specified priorities. Colleges have now each been given a fixed cash budget for priorities which must be spent on agreed government priorities.

Spend of the College's cash budget for priorities, and impact on the operating position for the academic year, is detailed below:

Revenue Priorities	2024	2023
	£'000	£'000
Estates costs	17	21
Bank loan repayments	80	76
<b>Total</b>	<b>97</b>	<b>97</b>

## 11) Adjusted Operating Position [AOP]

The SOCI presents the financial performance during the accounting period in accordance with the SORP. The AOP is intended to reflect the underlying operating performance after allowing for material one-off or distorting items required by the SORP or other items out with the control of the College. The AOP is therefore designed to smooth any volatility in reported results arising from FRS102 and to recognise that some of the reported costs do not have an immediate cash impact on the College. The College's Underlying Operating Position can be illustrated as:

Adjusted Operating Position	2024	2023
	£'000	£'000
Deficit for the year before other gains and losses	(4,337)	(4,528)
Add back:		
Net Depreciation - note 1	1,542	701
Gain on sale of property	-	(10)
Pension - Net service cost - note 2	175	615
Pension - Net return on pension assets / (liabilities) – note 3	(260)	8
Other provision - Early retirement provision	83	43
Other provision - Job evaluation	346	1,384
Bank loan repayments	(80)	(76)
<b>Underlying Operating Deficit</b>	<b>(2,531)</b>	<b>(1,863)</b>

## **UHI North, West and Hebrides**

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Commentary on adjusting items:

- Note 1: Net depreciation is the depreciation charge for the year less deferred capital grants released in the year.
- Note 2: The net service cost is the present value of projected benefits resulting from employee service in the current year less cash contributions paid.
- Note 3: The net return on pension assets / liabilities is interest accumulated on the pension assets / liabilities, offset against the current year's interest earned on those pension assets / liabilities.

### **12) Taxation Status**

The College has been entered into the Scottish Charity Register, and is entitled, in accordance with section 13(1) of the Charities and Trustee Investment (Scotland) Act 2005, to refer to itself as a Charity registered in Scotland. The College is recognised by HM Revenue and Customs as a charity for the purposes of section 505, Income and Corporation Taxes Act 1988 and is exempt from corporation tax on its charitable activities. The College receives no similar exemption in respect of Value Added Tax.

### **13) Treasury Management**

Treasury management is the administration of the College's cash flows and banking; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. The College's treasury management arrangements are governed by the College's Financial Regulations, which are compliant with the SFC Financial Memorandum, as are the College's borrowing arrangements. Following reclassification on 1 April 2014 the College is unable to enter new loan arrangements without prior approval from the Scottish Funding Council.

On 31 July 2024, there was a £1,940k cash balance. The cash balance on 31 July 2024 is higher than would normally be anticipated at the year-end as we have carried the following accruals over from 2023/24 to be paid during 2024/25:

- SFC grant clawbacks: HE £95k and student support underspend £333k
- National Pay Bargaining staff pay award: outstanding accrued balance for 2022/23 and 2023/24 - £1,340k

This means that the underlying year end cash balance was £172k, which the College contends is sufficient for immediate working capital requirements.

### **14) Supplier Payment Policy**

The College complies with the CBI Prompt Payment Code and has a policy of paying its suppliers within 30 days of the invoice unless the invoice is contested. All disputes and complaints are handled as quickly as possible. The College's average payment period during the year was 16 days (2023: 28 days). The College was not required to pay any interest during the year under the late payment of Commercial Debts (Interest) Act 1998.

### **15) Research**

UHI NWH Research and Knowledge Exchange (KE) is dedicated to making a positive impact in our local communities by addressing the key challenges and opportunities facing the people of the Highlands and Islands. Our efforts aim to contribute significantly to the UHI research portfolio, enhancing its ability to drive meaningful change and support regional development.

With two recognised UHI Research and KE centres, Environment Research Institute (ERI) in Thurso and the Centre for Recreation and Tourism Research (CRTR) in Fort William, our researchers seek to advance understanding of contemporary environmental, recreational and tourism issues.

During FY23-24 NWH staff contributed to three of the four UHI Research Clusters:

- Humanities and Arts Research Cluster (HARC)
- Society, Identity, Landscape and Knowledge (SILK)

## **UHI North, West and Hebrides**

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- Marine, Environmental Science and Engineering (MESE)

In addition, through promotion of tertiary-focused KE, we aim to maximize our impact across businesses, social enterprises, and the public sector. During 23-24 NWH hosted the Chair of three KE sector groups (Energy, Tourism, and Water) and contributed to Net Zero, aquaculture, One Health and sport & well-being.

Whilst opportunity to engage in European funded partnerships has diminished since Brexit, we continue to be internationally recognised for our distinctive and innovative environmental science and contributions to cultural heritage tourism. Funding remains highly competitive across the UK, so adaptability is key.

Notable successes during FY23/24 include continuation of funding from Scottish Government for the coordination of One Health partnership; funding secured through Energy theme for two PhD students studying remote sensing techniques for offshore environment, and from Innovate UK for development of a wave energy demonstrator in Indonesia; a Knowledge Transfer Partnership (KTP) with Highland Distillers will promote innovation in peatland research whilst our Pollution team secured funding from IBioIC to develop Biochar from sewage sludge, and from the CO-OP carbon innovation fund to repurpose shellfish waste as fertiliser. Interface funding continues to support smaller projects including those addressing tourism and cultural heritage aspects for west coast communities.

### **16) Sustainability Report**

UHI North, West, and Hebrides (UHI NWH), as an academic partner of UHI, formally adopted the UHI Sustainability Strategy during the academic year 2023/24 ([UHI Sustainability Strategy \(NWH\).pdf](#))

This marked a significant step toward achieving our Net Zero ambitions and embedding sustainable practices across our newly merged college.

To build on this, an informal group was established in 2023/24 to discuss how best to collaborate across campuses and integrate key actions from the UHI strategy. While there are strong examples of sustainability practices from the legacy colleges, consolidating these into a unified baseline is now a priority. This baseline will help us drive progress at pace and focus on delivering measurable outcomes.

Key areas for review and improvement include:

- **Energy Efficiency:** Transitioning to energy-efficient lighting and heating systems across campuses where funding allows.
- **Waste Reduction:** Enhancing recycling programs and introducing composting initiatives where relevant.
- **Low-Carbon Transport:** Promoting active and low-carbon transport options, such as cycling schemes
- **Engagement and Awareness:** Educating staff and students through sustainability campaigns and initiatives.

Additionally, we have agreed to adopt the EAUC guidance and roadmap for colleges, which will assist in our planning and operational improvements for the coming year. Senior staff from UHI NWH also actively engage with the UHI Sustainability Group, which facilitates the sharing of good practices across UHI academic partners.

#### **Legislative Context and Reporting**

The Climate Change (Scotland) Act 2009 introduced ambitious targets to reduce Scotland's emissions by at least 80% by 2050, placing specific duties on public bodies to support this effort. In 2015, an Order was introduced requiring all 150 Public Bodies on the Major Player list—including all Scottish colleges and universities—to submit an annual compliance report through the Public Bodies Climate Change Duties (PBCCD) Reporting framework.

For the academic year 2023/24 PBCCD reports were submitted individually for the three legacy colleges, as the merger of UHI NWH only commenced in August 2023. These reports were submitted in November 2023.

From 2024/25 onward, PBCCD reporting will be consolidated for UHI NWH as a single entity, with the first unified report available from November 2024.

## **UHI North, West and Hebrides**

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### **17) Infrastructure Strategy**

The revised College Infrastructure Strategy is in draft and reflects UHI NWH's ambitions and values and is aligned to support the implementation of the college's stated mission. This Infrastructure Strategy also reflects the Scottish Funding Council's (SFC) College Infrastructure Strategy and has been developed in consultation with the SFC. As such, the Infrastructure Strategy recognises the seven key principles that are aligned with the UHI NWH Meger Proposal and Business Case and the SFC's principles for infrastructure management. Our college infrastructure should:

- **Be Fit for Purpose** – be safe and suitably equipped to enable our curriculum delivery plans, support our research agenda, and create a positive student experience.
- **Increase accessibility** – provide greater opportunities across our region for students seeking to access further and higher education through campus presence in our communities and integration of distance learning technologies.
- **Enable growth** – implement strategic investment where possible to support the evolving needs of the college and community.
- **Enable partnership working** – provide opportunity for collaborations, such as with other college, schools, universities, local authorities, health care providers and local businesses.
- **Improve environmental sustainability** – align investment to support college sustainability plans and our drive to net-zero.
- **Be Financially Sustainable** – investment in our estate must be prioritised, strategic and contribute to the financial resiliency of the college.
- **Be Governed responsibly** – be governed through clear, transparent, evidence-based decision-making processes and policies.

These governing principles recognise that UHI NWH has a unique role within our local communities; being an institution that provides opportunities for students to gain access to high-quality further and higher education whilst living and working in the North, West and Hebridean communities of Scotland.

UHI NWH generates and supports a much-needed skilled workforce for the expanding rural businesses alongside providing direct employment, local innovation, and research centres in our area. All of which continues to contribute to the vibrancy of our local communities attracting further inward migration and opportunities for young people.

At the same time, our college estate needs to be of an appropriate size, condition and fit-out to enable us to deliver our educational function whilst operating in a financially sustainable manner for the long-term.

Our investment plans must be forward thinking, reflecting the future needs of our student body or partnership arrangements. In addition, our estate must enable us to deliver a multi-modal delivery model where learning ranges from online-asynchronous to on-campus, face-to-face delivery, and many variations in between. This will require on-going investment and maintenance of the digital infrastructure that enables distance learning.

Our buildings need to allow the college to meet its wider role and responsibility as a sustainable, safe and responsible organisation, particularly in our drive to meet our net-zero commitments. As such, much of our estate requires to be refurbished, renewed, or repurposed.

The strategy outlines the context from which strategic principles have been developed, presents those principles in more detail, and discusses how those principles affect how infrastructure planning and management shall be conducted. The strategy also outlines a framework, which shall be used as we plan for the future of our estate.

### **18) Digital Strategy**

The college continues to participate and contribute towards UHI's successful certification of the national Cyber Essentials and Cyber Essentials Plus cyber-security programme annually. Across the wider partnership achieving compliance of this requires substantial resources - both staff and hardware - the latter of which presents significant cost challenges. The college embarked on a programme of hardware leasing to mitigate the impact of these challenges to ensure that when Windows 10 reached end-of-life in October 2025, that all required actions were complete, including hardware replacement and consolidation.

**UHI North, West and Hebrides**

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**19) Equality, Diversity and Inclusivity**

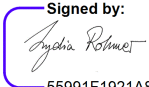
UHI North, West and Hebrides has a strong commitment to equality, diversity and inclusivity as set out in the Equality, Diversity and Inclusivity policy. This policy applies to all current and prospective students and employees. UHI North, West and Hebrides is committed to meeting the legislative obligations set under the Equality Act 2010, creating a positive culture which fosters good relations and advances equality of opportunity for all. UHI North, West and Hebrides will not tolerate unlawful discrimination, harassment, victimisation or any other prohibited conduct in all aspects of work, research and study.

**20) Non-financial Matters**

***Disclosure of Information to Auditor***

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditor is unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditor is aware of the information.

Signed by:



55991F1921A8442...

.....  
**Lydia Rohmer**  
**Principal and Chief Executive Officer**  
**UHI North, west and Hebrides**

## **ACCOUNTABILITY REPORT**

### **Corporate Governance Report**

The purpose of the Corporate Governance report is to explain the composition and organisation of the institution’s governance structures and how they support the achievement of institutional objectives.

The Corporate Governance report includes:

- a Directors’ Report
- a Corporate Governance Statement
- a Statement on Internal Control

#### **Directors’ Report**

The membership of the Board of Management during the year and as at 31 July 2024 is set out on page 23.

The Board meets the principles of good governance, set out in the 2024 Code of Good Governance for Scotland’s Colleges. The College has worked over recent years towards implementing all the changes recommended by the Cabinet Secretary’s Good Governance Task Force to ensure compliance in all areas of the Code.

The respective Register of Interests for these members is available from the Board Secretary to any member of the public who wishes to examine it. Declarations by Board members of any conflicts of interest are recorded in the minutes of the appropriate Board and Committee meetings.

The Board’s authority, reserved matters and the delegation of authority are set out in the Scheme of Delegation. Delegation of authority in relation to financial decision-making is further detailed in the College’s Financial Regulations and available from the Board Secretary.

#### **The Executive Leadership Team**

The Principal’s Executive Leadership Team is responsible for the operational management of the College and considers issues of performance, internal control & risk, and advises the principal on strategy and any issues relevant to the running of the College. Membership during the reporting period was as follows: -

Role	Name	Appointed	Resigned
Principal and Chief Executive	Lydia Rohmer	01-Aug-23	
Vice Principal – Resources & Enterprise (CFO)	Derek Bond	01-Aug-23	
Director of People and Culture	Vicky Ferguson	01-Aug-23	01-Aug-24 <sup>(1)</sup>
Director of Curriculum and Student Experience	Fiona Grant	01-Aug-23	01-Aug-24 <sup>(1)</sup>
Vice Principal Strategic Development	Debbie Miller	01-Aug-23	
Vice Principal Academic	Hannah Ritchie-Muir	01-Aug-23	

<sup>(1)</sup> Ceased to be a member of the Executive Leadership team

The College Management Team comprises departmental managers and advises on day-day management concerns, including setting and monitoring of operational plans and risk and resolution of cross-college operational matters.

#### **Statement of the Board of Management’s responsibilities**

In accordance with the Further and Higher Education (Scotland) Act 1992, the Board of Management is responsible for the administration and management of the College’s affairs, including ensuring an effective system of internal control, and to present audited financial statements for each financial year.

## **UHI North, West and Hebrides**

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The Board of Management is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the College and enable it to ensure that the financial statements are prepared in accordance with the Further and Higher Education (Scotland) Act 1992, the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions and other relevant accounting standards.

In addition, within the terms and conditions of a Financial Memorandum agreed between the Regional Strategic Body, the University of the Highlands and Islands, and the College's Board of Management, the Board, through the Principal and Chief Executive, is required to prepare financial statements for each financial year which give a true and fair view of the College's state of affairs and of the surplus or deficit and cash flows for that year.

In preparing the financial statements, the Board of Management is required to:

- Select suitable accounting policies and apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare financial statements on the going concern basis, unless it is inappropriate to presume that the College will continue in operation. The Board of Management is satisfied that it has adequate resources to continue in operation for the near future and for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Board of Management has taken reasonable steps to:

- Ensure that funds from the Scottish Funding Council are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe.
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources.
- Secure the economical, efficient, and effective management of the College's resources and expenditure.

The key elements of the College's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- Clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments.
- A comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets.
- Regular reviews of key performance indicators and business risks and quarterly reviews of financial results involving variance reporting and updates of forecast outturns
- Clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board of Management
- Comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit and Risk Committee and the Finance & General Purposes Committee
- Professional internal audit team whose annual programme is approved by the Audit and Risk Committee, endorsed by the Board of Management, whose Head provides the Board of Management with a report on internal audit activity within the College and an opinion on the adequacy and effectiveness of the College's system of internal control, including internal financial control.

Any system of internal financial control can only provide reasonable, but not absolute, assurance against material misstatement or loss.

## **UHI North, West and Hebrides**

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### **Corporate Governance statement**

#### **Introduction**

The College is committed to complying with best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles of the Code of Conduct for Members of the Board of Management of North, West and Hebrides, and the 2024 Code of Good Governance for Scotland's Colleges. It is a condition of the Financial Memorandum that the College meets the principles of good governance set out in the Code of Good Governance for Scotland's Colleges.

#### **Governance Framework**

The Board and its committees play a vital role in the oversight of college business and hold management accountable for performance against targets and performance indicators, specifically Regional Outcome Agreement targets, the recommendations of self-evaluation activity against the 'How Good is Our College' framework and the delivery of key College strategies and plans.

All committees operate under the authority of, and with terms of reference approved by, the Board and minutes are available from the Board Secretary at the registered office, Ormlie Road, Thurso, KW14 7EE.

#### **Audit and Risk Management Committee**

The Audit and Risk Management Committee's responsibilities included the compilation of an annual audit report for consideration by the Board, recommending the approval of the Annual Accounts to the Board as well as advising and reviewing and monitoring governance arrangements.

The Committee also received and considered reports from the Scottish Funding Council as they affected the College's business and monitored adherence to the regulatory requirements and had responsibility for reviewing the Board's risk management framework, its strategic risks and consideration of management's review of operational risks.

The Committee advised the Board on the appointment and remuneration of internal auditors who had direct access to the Chair of the Board of Management and to the Audit and Risk Management Committee. The Chair of the committee met with the Internal and External Auditors prior to each Committee meeting. Management was responsible for the implementation of agreed audit recommendations, and the Internal Auditors undertook periodic follow-up reviews to ensure that such recommendations had been implemented. The Audit and Risk management Committee considered detailed reports together with recommendations for the improvement of the College's systems of internal control and management's responses and implementation plans.

The Committee, which per its terms of reference shall be not less than three members, had four non-executive members in 2023/24, and met five times during the year.

#### **Finance and General Purposes Committee**

The Finance and General Purposes Committee's responsibilities included approving all key decisions to be taken in relation to finance, monitoring actual performance against budget and key performance indicators, making recommendations to the Board on capital expenditure, investments and borrowing, setting tuition fee levels and making recommendations with regard to these, overseeing systems of financial control and delegated authority, liaison with External Auditors to ensure that the Annual Accounts showed a true and fair view and exhibited regularity of spend, ensuring consideration was given to value for money and compliance with the SFC and UHI's Financial Memorandums as well as the College's existing buildings and estates.

The Committee also had responsibility for setting the direction and oversight of all personnel matters relating to the function of the Board of Management as employer of the College's staff which included overseeing the development and auditing of all human resource strategies and work streams.

Staff were of critical importance in the delivery of learning and teaching services, and this cost represented a significant resource. By taking a more holistic perspective in the scrutiny of high-level aspects of the finance, estates, and HR functions and their inter dependencies, and despite challenging financial circumstances, the Committee helped the Board fulfil its statutory responsibilities in these areas to best effect so as to progress the achievement of its strategic aims.

## **UHI North, West and Hebrides**

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The Committee, which per its terms of reference shall be not less than three members, had four non-executive members and one staff member (the Principal and Chief Executive) in 2023/24, and met four times during the year.

### **Remuneration Committee**

The Remuneration Committee's responsibilities include considering, approving, and reporting to the Board on decisions regarding the remuneration package, terms, and conditions (including the annual reviews of such) and, where appropriate, severance payments of the College Principal & Chief Executive and College's Executive Leadership Team and in so doing ensuring the efficient and effective use of public funds.

In addition, the Committee retained an overview of wider HR and workforce issues within the College and was required to bring any relevant matters to the attention of the Finance & General Purposes Committee and the Board. It also undertook scrutiny of proposed severance schemes and settlement agreements before recommending approval to the Board and onwards to the RSB/SFC (in line with the SFC Guidance on Severance).

The Committee, which per its terms of reference shall be not less than three members, had five non-executive members in 2023/24, and met three times during the year.

In compliance with the Code the Chair of the Board of Management does not chair the Committee.

### **Board of Management**

The authority for appointments to the Board of Management, from 1 August 2014, resides with the University of the Highlands and Islands and must be made in accordance with Ministerial Guidance on Board Appointments

The Board of Management ensures that a process is in place to provide appropriate induction training to new Board of Management members and new Board members are expected to undertake induction training.

Members are appointed to the Board for an initial period of four years, which can be extended for a further four years. Only in exceptional circumstances, and where compelling reasons exist, may a further extension of up to two years be approved.

The Board, which per its terms of reference shall be between nine and sixteen members, had a Chair appointed by the Regional Strategic Body, the Principal and Chief Executive, ten non-executive members, two staff members, one trade union member and one student member, nominated by the Student Association of the College in 2023/24.

The Board has in place a board secretary whose duties are consistent with those set out in the Code of Good Governance for Scotland's Colleges.

**UHI North, West and Hebrides**

The members who served the College during the year were as follows:

<b>Board Member</b>	<b>Standing Committee Appointments</b>	<b>Position Held</b>	<b>Appointed</b>	<b>End Date</b>
Derek Lewis Non-executive (external)	Finance & General Purposes Remuneration Nominations Learning, Teaching & Research Human Resources	<b>Chair</b> of the Board of Management	01-Aug-23	
Alex MacDonald Non-executive	Finance & General Purposes		01-Aug-23	
Chris Alliston Non-executive	Finance & General Purposes Remuneration Nomination Human Resource	<b>Chair</b> of Remuneration <b>Chair</b> of Human Resources	01-Aug-23	
Shona MacDougall Senior Independent Member	Finance & General Purposes Remuneration	<b>Chair</b> of Finance & General Purposes	01-Aug-23	
Ian MacEachern Non-executive	Audit & Risk Management Remuneration Nominations Human Resources		01-Aug-23	
Struan Mackie Non-executive	Audit & Risk Management		01-Nov-23	
Michael Foxley Non-executive	Learning, Teaching & Research		01-Aug-23	
Willie Macdonald Non-executive		<b>Vice Chair</b> of the Board of Management	01-Mar-24	
Neil Hope Non-executive	Audit & Risk Management Human Resources	<b>Vice Chair</b> of the Board of Management <b>Chair</b> of Audit & Risk Management	01-Aug-23	
Rupert Marshall Non-executive	Learning, Teaching & Research		01-Nov-23	
Sarah Fraser Non-executive	Learning, Teaching & Research Audit & Risk Management	<b>Chair</b> of Learning, Teaching & Research	01-Aug-23	
Lydia Rohmer Chief Executive & Principal	Finance & General Purposes Learning, Teaching & Research Human Resources		01-Aug-23	
(vacancy) EIS Member			-	
Cassandra Greenford UNISON Member			01-Apr-24	
Carl Haberl Teaching Staff Member			01-Aug-23	
Diana Macleod Support Staff Member	Learning, Teaching & Research		01-Aug-23	
(vacancy) Student Member			-	

On 31 July 2024 the split was 10 men and 5 women.

**UHI North, West and Hebrides**

**Professional Advisors**

Internal Auditor: Wbg, Glasgow

Bankers: Royal Bank of Scotland, Edinburgh

Solicitors: Anderson and Strathern, Glasgow

External Audit: Deloitte UK, London (The Auditor General for Scotland has appointed Deloitte UK to undertake the audit for the year ended to 31 July 2024.)

**Committees**

The following table shows the committees that each current member of the Board of Management served on during the year:

Name	Board of Management	Audit & Risk Management	Finance & General Purposes	Remuneration	Human Resources	Learning, Teaching & Research
Alex Macdonald	3/5		1/3			
Carl Haberl	7/7					
Cassandra Greenford	2/2					
Chris Alliston	7/7		6/6	6/6	5/5	
Derek Lewis	7/7		5/6	4/6	4/5	
Diana Macleod	5/7					5/6
Douglas MacDiarmid	2/3					
Ian MacEachern	5/7	5/5		6/6	5/5	
Judith Crow	2/3					2/3
Lydia Rohmer	7/7	4/5	6/6		5/5	6/6
Michael Foxley	7/7					6/6
Neil Hope	6/7	5/5			4/5	
Rupert Marshall	5/5					4/4
Sarah Fraser	7/7	5/5				6/6
Shannon MacCallum	4/7					1/3
Shona MacDougall	7/7		6/6	6/6		
Sophie Ann Bain	2/6					
Struan MacKie	2/5	1/2				
Willie Macdonald	3/4					
Anne Frater	1/1					

**Meetings of the Board**

The full Board holds a minimum of four meetings a year. In 2023/24, five ordinary meetings took place and two extra-ordinary meetings.

Due to the size of the geographical area covered by UHI North, West and Hebrides, it is not practical for members to attend in-person all meetings to which they are invited. All meetings took place in accordance with the approved schedule of meeting dates, using a combination of hybrid meetings and Teams meetings.

In addition, the Board of Management holds development planning days and training events during the course of the year for the purposes of training, self-evaluation and development.

## **UHI North, West and Hebrides**

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Chairs meet quarterly before Board and Committee meetings to undertake business/pre-agenda planning. The Chairs, Principal and Board Secretary meet regularly to ensure effective working relationships between members and constructive dialogue with officers.

### **Evaluation**

An External Effectiveness Review of the newly formed college UHI North, West & Hebrides will be due to be carried out by 2028.

### **Risk Management**

The risk register and mitigating actions are discussed at all Audit and Board meetings. The College currently uses the standard UHI Risk Register format in compiling and presenting the register.

Given the high level of risk pertaining to the financial sustainability of the College, a detail review of the risk register was undertaken at all meetings of the Audit and Risk Management committee, which included considering whether risks were appropriately ranked based on likelihood and impact, and considering whether mitigating controls highlighted as being in place were adequate.

### **Statement of Internal Control**

The Board is the College's governing body. It is responsible for bringing independent judgement to bear on issues pertaining to the College's strategic direction, reputation, financial wellbeing, the wellbeing of staff and students and establishing high standards of academic conduct and probity.

The Board is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. It is supported by committees with specific areas of remit which are set out in its constitution and Scheme of Delegation.

The Board of Management is provided with regular information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Board of Management meets at least four times a year.

### **Review of Effectiveness**

The College has responsibility for reviewing the effectiveness of the systems of internal control. The review of the effectiveness of the systems of internal control is informed by:

- the work of the internal auditor. The conclusion in their annual report was that North Highland College has a framework of controls in place that provides reasonable assurance regarding the organisation's governance framework, internal controls, effective and efficient achievement of objectives and the management of key risks.
- the work of the Executive Leadership Team and senior managers within the College who have responsibility for the development and maintenance of the internal control framework and annual assurance statements.
- comments and recommendations made by the College's external auditor.
- the risk register.

The College has an internal audit service, who report to the Board, the work of which concentrates on areas of key activities determined in accordance with the annual internal audit plan approved by the Board. In 2023/24 the system of internal financial control was based on administrative procedures, including segregation of duties appropriate to the size of organisation.

The Principal and Chief Executive continued to monitor and review financial control arrangements and reports to the Board of Management. The system of financial control included:

- a budget setting process, with the annual budget being approved by the Board of Management
- preparation of regular management accounts
- regular monitoring of budgets by the Board and senior management
- ongoing review of the reporting requirements of the Board

## UHI North, West and Hebrides

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- regular review of the Risk Register by the Board and Audit Committee

### Internal Control Statement

In their annual report for the year-ended 31 July 2024 the internal auditors' opinion, as expressed by Wbg's Head of Internal Audit is:

*"We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a conclusion as to the adequacy and effectiveness of the College's risk management, control and governance processes.*

*In our opinion, UHI North, West and Hebrides did have adequate and effective risk management, control and governance processes to manage its achievement of the College's objectives at the time of our audit work. In our opinion, the College has proper arrangements to promote and secure value for money.*

*We would however highlight that we provided "weak" assurance surrounding the Follow-Up review due to the number of actions outstanding and a previously rated high action, being partially completed.*

*We have also raised a high rated recommendation in the Credits funding review in relation to the coding of Fee Waiver students.*

*Our fieldwork was carried out between September 2023 and July 2024, and we have not undertaken any further internal audit assignments at the time of this report."*

The 'weak' assurance arose from recommendations made to Lews Castle College, UHI North Highland College and UHI West Highland College prior to merger on 1 August 2023. The follow-up report contained no recommendations graded as 'high', and a revised implementation plan was put in place for the remaining outstanding recommendations graded as 'medium' and 'low'.

### Going Concern

On 1 August 2023, the College merged with UHI Lews Castle College (trading as UHI Outer Hebrides) and UHI West Highland College. This a result of this merger, all the assets and liabilities of UHI Outer Hebrides and UHI West Highland College transferred to UHI North Highland College on 1 August 2023. UHI North Highland College has subsequently formally changed its name to The Board of Management of UHI North, West and Hebrides.

The accounts have been prepared on a going concern basis. No adjustments were required to write down any assets or reclassify any liabilities to current. The deferred grants will transfer over to UHI North, West and Hebrides and therefore have been presented as both current and non-current within the financial statements.

### Disclosure of information to auditors

The Board members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and that each Board member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

### Conclusion

The Board of Management is content that the arrangements in place relating to corporate governance are effective.

The College Board determine that given the guidance there is no need to prepare a Parliamentary Accountability Report. There are no significant losses or special payments that need to be reported in accordance with Managing Public Money. The College's Contingent Liabilities are detailed in note 19.

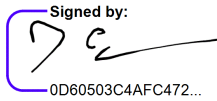
Based on the information above, it is the opinion of the Principal and Chief Executive and the Board of Management that there was an ongoing process for identifying, evaluating and managing the College's

**UHI North, West and Hebrides**

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significant risks, that it had been in place for the year ended 31 July 2024 and up to the date of approval of the annual report and accounts

This Corporate Governance Report is approved by order of the members of the Board of Management of UHI North, West and Hebrides on 3 March 2026 and signed on its behalf by Derek Lewis, Chair of Board.

Signed by:  
  
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**Derek Lewis**  
**Chair of Board**  
**UHI North, West and Hebrides**

## UHI North, West and Hebrides

### Remuneration and Staff Report

The Remuneration Committee, which comprises five non-executive members, met three times during the year. The role of the remuneration committee is to determine the salary scales for key staff, and the remuneration within these scales of the most senior post-holders, including the Principal and Chief Executive.

The Remuneration of the Principal and Chief Executive and senior post holders is based upon the following:

- Formal salary review process.
- The gathering of evidence in consideration of SFC guidance.
- Current Scottish Public Pay Sector Policy'
- Benchmarking from other colleges; and
- Any relevant submissions from staff and students.

In addition to the above the Remuneration Committee also considers any additional responsibility payments (or other non-consolidated payment) recommended by the Principal and Chief Executive for Director level posts.

The remuneration policy of the College is such that any salary increase is applied equally to all Academic staff, Support staff and Senior Managers. Following agreement for all other staff grades, it is normal practice that a proposal is then put to the Remuneration Committee to recommend that the Principal & Chief Executive and Directors receive the same settlement. It is then for the Committee to decide whether or not the Principal and Chief Executive should receive a pay award.

The following table provides detail of the remuneration and pension interests of senior management of the College. The information disclosed within the tables on pages 28, 29, 30, 32 and 33 have been subject to audit by the College's external auditor, whereas the other sections have been reviewed by College's external auditor to ensure that they are consistent with the financial statements.

Name	12 Months ending 31 July 2024			12 Months ending 31 July 2023		
	Salary	Pension Benefit	Total	Salary	Pension Benefit	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Lydia Rohmer Principal and Chief Executive (from 1-Aug-23)	110-115	35-40	145-155	-	-	-
Derek Bond Vice Principal Resources and Enterprise (from 1-Aug-23)	85-90	30-35	120-125	-	-	-
Vicky Ferguson Director of People and Culture (from 1-Aug-23)	65-70	25-30	95-100	-	-	-
Fiona Grant Director of Curriculum and Student Experience (from 1-Aug-23)	70-75	25-30	100.-105	-	-	-
Debbie Miller Vice Principal Strategic Development (from 1-Aug-23)	85-90	75-80	165-170	-	-	-
Hannah Ritchie-Muir Vice Principal Academic (from 1-Aug-23)	80-85	0	80-85	-	-	-

**UHI North, West and Hebrides**

Before merger on 1 August 2023 the Executive Leadership teams of the individual colleges were:

Name	12 Months ending 31 July 2024			12 Months ending 31 July 2023		
	Salary	Pension Benefit	Total	Salary	Pension Benefit	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>UHI North Highland College</b>						
Debbie Miller Principal and Chief Executive (to 31-Jul-23)	-	-	-	80-85	65-70	145-150
Tom Duff Director of Learning and Teaching (to 31-Jul-23)	-	-	-	80-85	20-25	100-105
Roderick Ferrier Director of Finance and Audit (to 31-May-23)	-	-	-	105-110	50-55	155-160
Stuart Gibb Director of Research and Innovation (to 31-Jul-23)	-	-	-	70-75	80-85	150-155
Giles Huby Director of External Engagement and Facilities (to 31-Jul-23)	-	-	-	70-75	10-15	80-85

Name	12 Months ending 31 July 2024			12 Months ending 31 July 2023		
	Salary	Pension Benefit	Total	Salary	Pension Benefit	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>UHI West Highland College</b>						
Lydia Rohmer - Principal and Chief Executive (to 14-Dec-22)	-	-	-	40-45	5-10	45-50
- Principal and Chief Executive (Designate) (from 15-Dec-22 to 31-Jul-23)	-	-	-	65-70	-	65-70
Sue Macfarlane Interim Principal and Chief Executive (from 10-Jan-23 to 31-Jul-23)	-	-	-	30-35	-	-
Derek Bond Director of Finance (Designate) (from 17-Apr-23 to 31-Jul-23)	-	-	-	25-30	5-10	30-35
David Campbell Director of Enterprise and Engagement (to 31-Jul-23)	-	-	-	65-70	10-15	75-80
Vicky Ferguson Director of People and Culture (to 31-Jul-23)	-	-	-	65-70	5-10	70-75
Fiona Grant Director of Academic Affairs (to 31-Jul-23)	-	-	-	70-75	5-10	75-80
Paula Watson Director of Finance (to 30-Nov-22)	-	-	-	15-20	-	-

**UHI North, West and Hebrides**

Name	12 Months ending 31 July 2024			12 Months ending 31 July 2023		
	Salary	Pension Benefit	Total	Salary	Pension Benefit	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Lews Castle College</b>						
Sue Macfarlane Interim Principal and Chief Executive (to 30-Sep-22)	-	-	-	15-20	-	15-20
Hannah Ritchie-Muir: - Interim Principal and Chief Executive (from 01-Oct-22 to 31-Jul-23) - Depute Principal (to 30-Sep-22)	-	-	-	95-100	90-95	185-190
Kathleen Macdonald Director of Finance and Resources (to 13-Jan-23)	-	-	-	25-30	5-10	35-40
Joe MacPhee Director of External Engagement and Growth (from 01-Oct-22 to 31-Jul-23)	-	-	-	45-50	15-20	65-70

The non-executive members of the Board of Management listed in Accountability Report are not included in this remuneration report and did not receive any salary or benefits.

As per the UK Government Financial Reporting Manual, the value of the pension benefit is calculated as the real increase in pension over the year multiplied by twenty plus the real increase in any lump sum less the contributions made by the individual. Per the manual, disclosed salary covers both pensionable and non-pensionable amounts and should include gross salaries; overtime; recruitment and retention allowances; payment in lieu of notice; severance or ex-gratia payments.

The x20 multiplier aims to bring public bodies in line with other industries in disclosing an assessed cumulative pension benefit for a standard 20-year period which is the estimated life span following retirement. This does not represent any actual payment made during the financial year by either the employee or the College. The Principal and Chief Executive is an ordinary member of the Scottish Teachers Superannuation Scheme and, as such, pays contributions and receives benefits at the same rate as all other members.

Name	At 31 July 2024		1 August 2023 to 31 July 2024		At 31 July 2023	At 31 July 2024	Increase in CETV Restated £'000
	Accrued pension at pension age	Accrued lump sum at pension age	Real increase in pension	Real increase in lump sum	CETV	CETV	
	£'000	£'000	£'000	£'000	£'000	£'000	
Lydia Rohmer	40-45	105-110	5-7.5	5-7.5	923*	966	44*
Derek Bond	0-5	-	0-2.5	-	8	39	31
Vicky Ferguson	0-5	-	0-2.5	-	8	29	21
Fiona Grant	0-5	-	0-2.5	-	10	36	26
Debbie Miller	35-40	35-40	2.5-5	0-2.5	630	701	71
Hannah Ritchie-Muir	20-25	60-65	2.5-5	12.5-15	628*	524	-104*

\*The CETV's for Lydia Rohmer and Hannah Ritchie-Muir have been re-stated at 31 July 2023 due to the revaluation for the period to 31 July 23 not being available at the time that the accounts were completed.

**UHI North, West and Hebrides**

**Cash Equivalent Transfer Value (CETV)**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time.

The value of the accrued pension benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation.

In considering the accrued pension benefits figures the following contextual information should be taken into account:

- The figures for pension and lump sum are illustrative only in light of the assumptions set out above and do not necessarily reflect the actual benefits that any individual may receive upon retirement.
- The accrued benefits figures are reflective of the pension contributions that both the employer and the scheme member have made over a period of time.

**Real Increase in CETV**

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

**Trade Union Activity**

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, the College provided the following support through paid facility time for union officials working at the College during the year ended 31 July 2024.

Number of employees who were relevant union officials during the relevant period:	Full-time equivalent employee number
3	0.09
Percentage of time spent on facility time	
Percentage:	Number of employees:
0%	-
1% - 50%	3
51% - 99%	-
100%	-
Percentage of pay bill spent on facility time	
Total cost of facility time	£10,090
Total Pay Bill	£20,627,000
Percentage of the total pay bill spent on facility time	0.05%
Paid Trade Union Activities	
Time spent on trade union activities as a % of total paid facility time hours	8.57%

## UHI North, West and Hebrides

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### Fair Pay – Pay Multiples

Colleges are required to disclose the relationships between the remuneration of the highest paid official and the median remuneration of their workforce, summarised as follows:

	2024	2023	Change
	£'000	£'000	%
Range of workforce remuneration	18-113	18-84	
Highest paid official remuneration	112.5	82.5	36.4%
Median (total pay & benefits)	35.3	31	13.9%
Median (salary only)	35.3	31	13.9%
Ratio	3.2:1	2.7:1	
25 <sup>th</sup> Percentile (total pay & benefits)	27.1	22	23.2%
25 <sup>th</sup> Percentile (salary only)	27.1	22	23.2%
Ratio	4.2:1	3.8:1	
75 <sup>th</sup> Percentile (total pay & benefits)	43.3	39	11.0%
75 <sup>th</sup> Percentile (salary only)	43.3	39	11.0%
Ratio	2.6:1	2.2:1	

The pay multiples for 2024 reflect the cost-of-living increases for the first two years of the three-year pay deal agreed with Colleges Scotland, for 2022-23 a £2,000 uplift for all pay points and for 2023-24 a £1,500 uplift on all pay points.

### Staff comparison

The College employed 340 females and 211 males as at 31 July 2024.

### Sickness absence data

The average sickness absence rate over the period 1 August 2023 to 31 July 2024 was 7.51%.

### Staff Turnover

Staff turnover during the period 1 August 2023 to 31 July 2024 was 12.5%.

### Staff Policies

The College's Recruitment Policy and procedures provide for the full and fair consideration for employment by the College of applicants who declare a disability. This is undertaken through the application of a guaranteed interview scheme, whereby disabled candidates who (on application) meet the minimum criteria for the job are guaranteed an interview. Disabled employees are protected from discrimination by law, and we will implement reasonable adjustments, on a case-by-case basis, to ensure disabled employees are not disadvantaged.

### Expenditure on Consultancy

There is nothing to report under the above for North, West and Hebrides.

### Off – Payroll Engagements

There is nothing to report under the above for North, West and Hebrides.

**UHI North, West and Hebrides**

**Compensation for loss of office**

The table below summarises the exit packages by cost band.

	Voluntary severance	2024	2023
	Number	Number	Number
<£20,000	18	18	8
£20,001 - £40,000	16	16	2
£40,001 - £60,000	5	5	-
£60,001 - £80,000	1	1	-
£150,001 - £200,000	1	1	-
<b>Total</b>		<b>41</b>	<b>10</b>
<b>Total severance cost</b>		<b>£992,836</b>	<b>£82,813</b>

In addition to the severance costs staff received additional payment for accrued annual leave, which would take the total of payments made to £1,059k.

**Other Employee Matters**

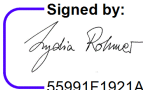
A national Job Evaluation exercise for support staff roles relevant to the National RPA is underway and is likely to be continued into the next reporting period and beyond.

Please see further staff cost disclosures, in line with the SFC Accounts Direction, within the financial statements at Notes 7 to 9. Specifically, staff costs distinguished between those on permanent and temporary contracts are disclosed in in note 7 and the number of senior staff in each pay band is disclosed in note 8.

With regard to the note on the merger at Note 24 to the Financial Statements, this Remuneration and Staff Report is approved by order of the members of the Board of Management of UHI North, West and Hebrides on 3 March 2026 and signed on its behalf by: Derek Lewis Chair of the Board, and Lydia Rohmer, Principal & Chief Executive Officer.

Signed by:  
  
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**Derek Lewis**  
**Chair of Board**  
**UHI North, West and Hebrides**

Signed by:  
  
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**Lydia Rohmer**  
**Principal and Chief Executive Officer**  
**UHI North, West and Hebrides**

## UHI North, West and Hebrides

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### Independent auditor's report to the Board of Management of Lews Castle College, the Auditor General for Scotland and the Scottish Parliament

#### Reporting on the audit of the financial statements

##### Opinion on financial statements

We have audited the financial statements in the annual report and accounts of UHI North, West and Hebrides ("the college") and its group for the year ended 31 July 2024 under the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Consolidated and College Statement of Comprehensive Income, Consolidated and College Statement of Changes in Reserves, Consolidated and College Balance Sheet, and the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accompanying financial statements:

- give a true and fair view of the state of the affairs of the college and its group as at 31 July 2024 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

##### Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the college and its group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the college. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Conclusions relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of the college and its group to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the current or future financial sustainability of the college and its group. However, we report on the college's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

## UHI North, West and Hebrides

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### Risks of material misstatement

We report in our Annual Audit Report, the most significant assessed risks of material misstatement that we identified and our judgements thereon.

### Responsibilities of the Board of Management for the financial statements

As explained more fully in the Statement of the Board of Management's Responsibilities, the Board of Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Board of Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Management is responsible for assessing the ability of the college and its group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the operations of the college and its group.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using our understanding of the college sector to identify that the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 are significant in the context of the college;
- inquiring of the College Principal as to other laws or regulations that may be expected to have a fundamental effect on the operations of the college;
- inquiring of the College Principal concerning the college's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among our team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the college's controls, and the nature, timing and extent of the audit procedures performed.

We obtained an understanding of the legal and regulatory framework that the body operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This includes the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005.
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the body's ability to operate or to avoid a material penalty. These include the Data Protection Act 2018 and relevant employment legislation.

## **UHI North, West and Hebrides**

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As a result of performing the above, we identified the greatest potential for fraud was in relation to the risk is that the year-end expenditure transactions may be subject to potential manipulation in an attempt to operate within the funding allocated by the Scottish Funding Council. In response to this risk, we tested a sample of accruals, post-year end disbursements, and invoices received around the year-end to assess whether they have been recorded in the correct period.

In addition, we identified a potential fraud risk that management may be incentivised to allocate revenue to future years given future year financial pressures. In response to this risk we have performed testing of a sample of income recognised around the year end to assess whether it has been recorded in the correct period.

In common with audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulation described as having a direct effect on the financial statements; and
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatements due to fraud.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Reporting on regularity of expenditure and income**

#### **Opinion on regularity**

In our opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

#### **Responsibilities for regularity**

The Board of Management is responsible for ensuring the regularity of expenditure and income. In addition to our responsibilities in respect of irregularities explained in the audit of the financial statements section of our report, we are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

### **Reporting on other requirements**

#### **Opinion prescribed by the Auditor General for Scotland on the audited parts of the Remuneration and Staff Report**

We have audited the parts of the Remuneration and Staff Report described as audited list the audited parts if not clearly identified in the accounts. In our opinion, the audited parts of the Remuneration and Staff Report have been properly prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council.

## **UHI North, West and Hebrides**

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The Board of Management is responsible for the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited parts of the Remuneration and Staff Report.

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

### **Opinions prescribed by the Auditor General for Scotland on the Performance Report and Governance Statement**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council.

### **Matters on which we are required to report by exception**

We are required by the Auditor General for Scotland to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Remuneration and Staff Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

### **Conclusions on wider scope responsibilities**


In addition to our responsibilities for the annual report and accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in our Annual Audit Report.

## UHI North, West and Hebrides

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### Use of our report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

DocuSigned by:  
  
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Leo Thurtle (for and on behalf of Deloitte LLP)

1 New Street Square  
London  
EC4A 3HQ  
United Kingdom

3 March 2026

Leo Thurtle (for and on behalf of Deloitte LLP) is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

**UHI North, West and Hebrides****Consolidated Statement of Total Comprehensive (Expenditure)/Income  
for the year ended 31 July 2024**

		<b>Consolidated</b>	
		<b>2024</b>	<b>2023</b>
	<i>Note</i>	<b>£'000</b>	<b>£'000</b>
<b>Income</b>			
Funding body grants	2	17,946	17,636
Tuition fees and education contracts	3	3,574	3,478
Other grant income	4	1,894	2,485
Other income	5	1,778	2,031
Interest income	6	260	2
<b>Total Income</b>		<b>25,452</b>	<b>25,632</b>
<b>Expenditure</b>			
Staff costs	7	20,627	20,757
Other operating expenses	10	6,341	6,683
Depreciation	12	2,761	2,613
Interest expense	11	60	107
<b>Total Expenditure</b>		<b>29,789</b>	<b>30,160</b>
<b>Deficit before other gains and losses</b>		<b>(4,337)</b>	<b>(4,528)</b>
Gain on sale of property		-	10
Impairment		(650)	(662)
<b>Deficit for the year</b>		<b>(4,987)</b>	<b>(5,180)</b>
Actuarial gain in respect of pension schemes	19	1,619	5,760
Unrealised surplus on revaluation of tangible assets		1,509	1,321
<b>Total comprehensive (expenditure) / income for the year</b>		<b>(1,859)</b>	<b>1,901</b>
Represented by:			
Unrestricted comprehensive income for the year		(2,335)	1,092
Revaluation reserve		476	809
		<b>(1,859)</b>	<b>1,901</b>

The Statement of Comprehensive Income is prepared under the FE/HE SORP. The SORP does not permit colleges to reflect the non-cash budget for depreciation in the Statement of Comprehensive Income. Note 25 provides details of the adjusted operating position on a Central Government accounting basis.

The accounting policies on pages 43-48 and the notes on pages 49-65 form an integral part of these financial statements.

**UHI North, West and Hebrides****Consolidated and College Statement of Changes in Reserves  
for the year ended 31 July 2024**

	Income & Expenditure Account	Revaluation Reserve	Total
	Unrestricted		
<u>Consolidated</u>	£'000	£'000	£'000
<b>Balance at 1 August 2022</b>	<b>847</b>	<b>24,563</b>	<b>25,410</b>
Deficit for the year	(5,180)	-	(5,180)
Other comprehensive income	5,760	-	5,760
Gain on revaluation	-	1,321	1,321
Transfers between revaluation and income and expenditure	512	(512)	-
Total comprehensive income for the year	1,092	809	1,901
<b>Balance at 31 July 2023</b>	<b>1,939</b>	<b>25,372</b>	<b>27,311</b>
Deficit for the year	(4,987)	-	(4,987)
Other comprehensive income	1,619	-	1,619
Gain on revaluation	153	1,356	1,509
Transfers between revaluation and income and expenditure	880	(880)	-
Total comprehensive (expenditure)/ income for the year	(2,335)	476	(1,859)
<b>Balance at 31 July 2024</b>	<b>(396)</b>	<b>25,848</b>	<b>25,452</b>
<u>College</u>	£'000	£'000	£'000
<b>Balance at 1 August 2022</b>	<b>842</b>	<b>24,563</b>	<b>25,405</b>
Deficit for the year	(5,180)	-	(5,180)
Other comprehensive income	5,760	-	5,760
Gain on revaluation	-	1,321	1,321
Transfers between revaluation and income and expenditure	512	(512)	-
Total comprehensive income for the year	1,092	809	1,901
<b>Balance at 31 July 2023</b>	<b>1,934</b>	<b>25,372</b>	<b>27,306</b>
Deficit for the year	(4,987)	-	(4,987)
Other comprehensive income	1,619	-	1,619
Gain on revaluation	153	1,356	1,509
Transfers between revaluation and income and expenditure	880	(880)	-
Total comprehensive (expenditure)/ income for the year	(2,335)	476	(1,859)
<b>Balance at 31 July 2024</b>	<b>(401)</b>	<b>25,848</b>	<b>25,447</b>

**UHI North, West and Hebrides****Consolidated and College Statement of Financial Position  
as at 31 July 2024**

	Note	Consolidated		College	
		2024 £'000	2023 £'000	2024 £'000	2023 £'000
<b>Non-current assets</b>					
Tangible fixed assets	12	50,270	49,735	50,270	49,735
Investments	13	1	1	1	1
Pension asset	19	6,928	5,224	6,928	5,224
		<u>57,199</u>	<u>54,960</u>	<u>57,199</u>	<u>54,960</u>
<b>Current assets</b>					
Stock		-	1	-	1
Debtors	14	1,057	1,396	1,057	1,396
Cash and cash equivalents	15	1,940	1,202	1,940	1,202
		<u>2,997</u>	<u>2,599</u>	<u>2,997</u>	<u>2,599</u>
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	16	(10,026)	(6,344)	(10,031)	(6,349)
<b>Net current liabilities</b>					
		<u>(7,029)</u>	<u>(3,745)</u>	<u>(7,034)</u>	<u>(3,750)</u>
<b>Total assets less net current liabilities</b>					
		<u>50,170</u>	<u>51,215</u>	<u>50,165</u>	<u>51,210</u>
Creditors: amounts falling due after more than one year	17	(21,921)	(21,431)	(21,921)	(21,431)
<b>Provisions</b>					
Provisions for liabilities and charges	18	(2,797)	(2,473)	(2,797)	(2,473)
<b>Total net assets</b>					
		<u>25,452</u>	<u>27,311</u>	<u>25,447</u>	<u>27,306</u>
<b>Unrestricted Reserves</b>					
Income and expenditure reserve		(396)	1,939	(401)	1,934
Revaluation reserve		25,848	25,372	25,848	25,372
<b>Total reserves</b>					
		<u>25,452</u>	<u>27,311</u>	<u>25,447</u>	<u>27,306</u>

For both the consolidated group and the College, the total deficit for the year is £1,859k (2023: surplus £1,901k). All of the above relate to the continuing activities of the College.

The accounting policies on pages 43-48 and the notes on pages 49-65 form an integral part of these financial statements, which were approved by the Board of Management of UHI North, West and Hebrides on 3 March 2026 and signed on its behalf by:

Signed by:



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**Derek Lewis**  
Chair of the Board of Management  
UHI North, West and Hebrides

Signed by:



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**Lydia Rohmer**  
Principal and Chief Executive  
UHI North, West and Hebrides

**UHI North, West and Hebrides****Consolidated Statement of Cash Flows  
for the year ended 31 July 2024**

	<i>Note</i>	<b>Consolidated</b>	
		<b>2024</b>	<b>2023</b>
		<b>£'000</b>	<b>£'000</b>
<b>Cashflow from operating activities</b>			
Deficit for the year		(4,987)	(5,180)
<b>Adjustment for non-cash items</b>			
Depreciation		2,761	2,613
Decrease in stock		2	18
Decrease in debtors	14	338	1,939
Decrease / (increase) in creditors	16/17	3,922	(458)
Increase in other provisions	18	324	235
Other		-	210
Pension adjustment less employer contributions	19	175	615
<b>Adjustments for investing or financing activities</b>			
Capital grant income		(1,219)	(1,571)
Interest payable		60	107
Interest receivable		(260)	(2)
Profit on disposal of tangible fixed assets		-	(10)
Impairment of tangible fixed assets		650	662
<b>Net cash inflow/(outflow) from operating activities</b>		<b>1,766</b>	<b>(822)</b>
<b>Cash flows from investing activities</b>			
Capital grants received		1,550	610
Payments made to acquire tangible fixed assets		(2,438)	(1,109)
Proceeds from disposal of tangible fixed assets		-	879
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(888)</b>	<b>380</b>
<b>Cash flows from financing activities</b>			
Interest paid		(60)	(99)
Interest received		-	2
Repayment of amounts borrowed		(80)	(385)
<b>Net cash outflow from financing activities</b>		<b>(140)</b>	<b>(482)</b>
<b>Increase / (decrease) in cash and cash equivalents in the year</b>		<b>738</b>	<b>(924)</b>
Cash and cash equivalents at beginning of the year		1,202	2,126
Cash and cash equivalents at end of the year		1,940	1,202
<b>Increase / (decrease) in cash and cash equivalents in the year</b>	15	<b>738</b>	<b>(924)</b>

The accounting policies on pages 43-48 and the notes on pages 49-65 form an integral part of these financial statements.

## **UHI North, West and Hebrides**

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### **Statement of Accounting Policies for the year ended 31 July 2024**

#### **1 Basis of Preparation**

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019, and in accordance with applicable Accounting Standards including Financial Reporting Standard 102 (FRS 102). They have been prepared in a form prescribed by the Scottish Ministers and in accordance with paragraph 28 of schedule 2 of the Further and Higher Education (Scotland) Act 1992 and in accordance with the Accounts Direction published by SFC. The accounts have been prepared under the historical cost convention modified by the revaluation of certain fixed assets. The College is a public benefit entity under the requirements of FRS102.

The College has taken advantage of the exemptions provided in Paragraph 1.12 of FRS 102 and Paragraph 3.3 of the 2019 FE HE SORP and has not included a separate statement of its own cash flows. These cash flows are included within the Consolidated Statement of Cash Flows, and the College's Statement of Financial Position discloses cash at both the current and preceding reporting dates.

#### **Going Concern**

The College reported a deficit for the year ended 31 July 2024 of £4,987k (2023: £5,180k) and an underlying deficit of £2,531k (2023: £1,863k – deficit) after adjusting for non-cash accounting adjustments. At 31 July 2024 it held net assets of £25,452k (2023: £27,311k), net current liabilities of £7,029k (2023: £3,745k) and cash balances of £1,940k (2023: £1,202k).

On 1 August 2023, the College merged with Lews Castle College (trading as UHI Outer Hebrides) and UHI West Highland College. As a result of this merger, all the assets and liabilities of UHI Outer Hebrides and UHI West Highland College transferred to UHI North Highland College on 1 August 2023. UHI North Highland College subsequently formally changed its name to The Board of Management of UHI North, West and Hebrides.

This merger has significantly strengthened the Balance Sheet of the College as a consolidated entity, with UHI Outer Hebrides transferring net assets of £11,653k and UHI West Highland College transferring net assets of £2,640k.

The key element of the merger business case was the benefits and efficiencies that would be possible through combining the three colleges into one entity. These benefits include consolidation and enhancement of the academic curriculum, a more focussed approach to commercial and research activities, and the opportunity to make significant cost savings through a more efficient consolidated operating structure.

The economic position has deteriorated since the original merger business plan was completed, and this made the case for merger even stronger. Continued independent operation would have created a highly uncertain future with a higher funding requirement, and the merged college is in a significantly better position to address the huge challenges currently facing the college sector.

The merger was enabled by the provision of a substantial financial support package by UHI, and the business plan is based on creating a financially sustainable college that will continue to provide an essential service in the communities previously served by the three legacy colleges.

The cash position on 1 August 2024 is £1,940k, and this along with financial support packages from UHI and the SFC will provide sufficient cash to cover projected operating activities for 2024/25 and 2025/26, and for the period of 12 months from the date of approval of these accounts.

The accounts have therefore been prepared on a going concern basis.

## **UHI North, West and Hebrides**

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### **Accounting Policies**

#### **Land and buildings**

Land and buildings are measured using the revaluation model and assets are revalued to fair value. Where appropriate Depreciated Replacement Cost has been used as a measure of fair value for land and buildings otherwise Market Value has been used.

It is the College's policy, in accordance with the direction given by the Scottish Funding Council, to ensure that a full revaluation takes place at least every five years, with an interim valuation in year three of each five-year cycle.

Land is not subject to depreciation.

Buildings are subject to depreciation. The increase in valuation and write back of depreciation charged since the last valuation have been transferred to the revaluation reserve, with depreciation being subsequently charged on the revalued amount on a straight-line basis over the remaining life of the assets.

Buildings in Thurso, Dornoch and Alness are split into component parts and are subject to depreciation.

Freehold buildings:	24-95 years
Building - roof:	4-55 years
Building - windows:	4-25 years
Building – heating systems:	3-20 years
Building – plant & machinery:	3-20 years
Building – kitchens:	2-21 years

#### **Assets under construction**

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred. They are not depreciated until they are brought into use.

#### **Assets held for sale**

Assets on the market for sale are accounted for at the lower of Market Value or Depreciated Replacement Cost.

#### **Equipment**

Equipment purchased as part of a capital building project is capitalised and depreciated over its useful economic life. Individual items of equipment purchased with values greater than £2,500 are capitalised at cost if deemed to have a minimum economic useful life of 3 years and not regarded as a repair to existing assets. Capitalised equipment is depreciated on a straight-line basis over its useful economic life as follows:

Plant and equipment:	2-10 years
Motor vehicles:	4 years
IT equipment:	3-years

#### **Investments**

The investments are carried stated at historical cost less any provision for a permanent diminution in their value

#### **Stocks**

Stocks held for resale are stated at the lower of cost and net realisable value

#### **Debtors**

Short term debtors are measured at transaction price, less any impairment.

## **UHI North, West and Hebrides**

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### **Cash and cash equivalents**

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of three months or less from the date of acquisition.

### **Creditors**

Short term creditors are measured at the transaction price.

### **Retirement Benefits**

All new members of staff have the option of joining a pension scheme. The schemes currently open to new members of staff are the Scottish Teachers Superannuation Scheme (STSS) and the Highland Pension Fund (HPF).

In the event of staff taking early retirement, the full liability of the College is calculated and charged to the Consolidated Income and Expenditure Account on the year of retirement, with a corresponding provision established in the Statement of Financial Position. Full provision has been made for those pension costs which do not arise from externally funded defined benefit schemes.

#### ***Highland Pension Fund (HPF):***

The HPF is a pension scheme providing benefits based on final pensionable pay. The assets and liabilities of the scheme are held separately from those of the College. The pension scheme's assets are measured using market values and are disclosed, as required by FRS 102. Pension scheme liabilities are measured using projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability.

Contributions to the Scheme are calculated to spread the cost of pensions over employees' working lives with the College. The contributions are determined by an actuary based on triennial valuations using the Age Attained Method. Variations from regular cost are spread over the expected average remaining working lifetime of members of the schemes, after making allowances for future withdrawals. The amount charged to the statement of financial activities represents the service cost expected to arise from employee service in the current year.

Where the valuation results in a net asset, recognition of the asset is limited to the extent to which the College can recover its share of the surplus, either through reduced contributions in the future or through refunds from the plan.

#### ***Scottish Teachers Superannuation Scheme (STSS):***

The College participates in the STSS pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the College.

The College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 102, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the year.

### **Provisions**

Provisions are recognised when the College has a present legal or constructive obligation, as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

## UHI North, West and Hebrides

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### Government grants

Capital grants are released to income in accordance with the accrual model over the useful life of the asset it relates to on completion of the development phase. The accrual model requires the College to recognise income on a systematic basis over the period in which the College recognises the related costs for which the grant is intended to compensate.

Revenue grants are recognised in income on a systematic basis over the period in which the College recognises the related costs for which the grant is intended to compensate.

### Job Evaluation

The National Job Evaluation Scheme is an exercise that was initiated in 2018 whereby job roles and salary costs are being reviewed and aligned for support staff and middle management across the College sector in Scotland.

From 2018/19 financial year an accrual was made on an annual basis for the estimated cost of the job evaluation exercise on staff costs in the college. An equivalent amount was accrued each year as a debtor for the grant funding that was receivable from the Scottish Funding Council (SFC) to cover the costs. There was therefore no net impact on the reported operating result of the college each year.

On 13 November 2024, the SFC issued amended Accounts Direction to the college sector. These amended directions set out new requirements for how colleges should account for the national job evaluation exercise. The direction requires colleges to recognise the costs of the job evaluation exercise as a liability and provide for the total costs of the exercise to date. However, where previously colleges had also recognised the funding for these costs in their financial statements, the accounts direction now requires colleges to no longer recognise this asset.

As this direction was received from the SFC prior to the signing of the accounts of UHI North Highland College and Lews Castle College for 2022/23, the required adjustments were made in those accounts to reflect the revised accounting treatment for the National Job Evaluation Scheme.

The amended SFC accounts direction states the following:

“It is important to note that this is a technical accounting change only. The Scottish Government remains clear that responsibility for job evaluation funding commitments now rests with [the Government] until the process is complete.”

The full harmonisation costs of National Pay Bargaining support staff and middle management will not be confirmed until the national job evaluation exercise is concluded, the outcome of which would be implemented as from 1 September 2018.

In previous years, the SFC have held in reserve grant funding provided by the Scottish Government that relates to the National Job Evaluation Scheme, but these funds were returned to the Scottish Government in 2023, with the Scottish Government agreeing that responsibility for job evaluation funding commitments now rests with the Scottish Government until the process is complete.

### Non-Government grants

Non-government capital and revenue grants are recognised using the performance model. If there are no performance conditions attached the grants are recognised as revenue when the grants are received or receivable.

A grant that imposes specific future performance related conditions on the recipient is recognised as revenue only when the performance related conditions are met.

A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

## UHI North, West and Hebrides

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### **Tuition fees and education contracts**

Tuition fee income is stated net of any discounts and is recognised over the period for which the students are studying.

### **Bursaries and Other Student Support Funds**

In accordance with Scottish Funding Council (SFC) guidelines, funds received from SFC and the Student Awards Agency Scotland (SAAS) for the payments of Bursaries and other Student Support awards are not included in the College's Income and Expenditure Account, as the College acts only as paying agent.

### **Other income**

Income from the sale of goods or rendering of services is recognised when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

### **Employee benefits**

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service. Any unused benefits are accrued and measured as the additional amount the College expects to pay because of the unused entitlement

### **Leased assets**

Costs in respect of operating leases are charged on a straight-line basis over the term of the lease

### **Maintenance of premises**

The cost of routine corrective maintenance is charged to the income and expenditure account in the period that it is incurred.

### **Non-exchange transactions**

Non-exchange transactions, such as donations of cash, goods, assets or services, are recognised using the performance model. Non-exchange transactions that impose specific future performance related conditions on the recipient is recognised as revenue only when the performance related conditions are met. Non-exchange transactions with restrictions attached are recorded within the income on entitlement. The restricted income received is held in the temporarily restricted reserve until such time that expenditure is incurred in accordance with the restrictions.

### **Taxation**

The College has been granted charitable status by HM Revenue and Customs, as determined by the Finance Act 2010. Accordingly, it is potentially exempt from Corporation Tax on the services it provides, to the extent that such income and expenditure is applied for charitable purposes.

The College is partially exempt in respect of VAT. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate.

### **Financial instruments**

Financial instruments are recognised in the Statement of Financial Position when the College becomes party to the contractual provisions of the instrument. All the College's financial instruments are classified as 'basic' in accordance with Chapter 11 of FRS102. All of the College's financial instruments are initially measured at transaction price. At the end of each reporting period, basic financial instruments are measured at amortised cost.

Financial assets are de-recognised when the contractual rights to the cash flows from asset to expiration, or when the College has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

## UHI North, West and Hebrides

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### **Critical accounting judgements and key sources of estimation uncertainty**

In preparing the financial statements, the Board of Management is required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The Board of Management are satisfied that the accounting policies are appropriate and applied consistently. There are no critical accounting judgements identified in the formation of the financial statements. Key sources of estimation have been applied as follows:

#### ***Valuation of buildings:***

College buildings are of a specialist nature and are valued on a periodic basis by an independent, qualified valuers.

The College has a plan in place to align the property valuation cycle for all properties by 31 July 2027 and as at 31 July 2024 the status is as follows:

- Properties previously held by Lews Castle College underwent a full revaluation at 31 July 2024. This was undertaken by an independent valuer, FG Burnett.
- Properties held by Lews Castle College have been revalued using the Depreciated Replacement Cost. In determining this cost a number of estimates are made utilising internal and external information. Based on the value of the property, minor movements in these estimates can lead to a variation in the overall value of the properties. Further detail is provided in note 12.
- Properties held by North, West and Hebrides (previously UHI North Highland College) underwent a full revaluation at 31 July 2022. This was undertaken by an independent valuer, Graham and Sibbald.
- Properties previously held by UHI West Highland College underwent a full revaluation at 31 July 2023. This was undertaken by an independent valuer, Graham and Sibbald.

#### ***Useful economic lives of land and buildings:***

Buildings are depreciated over their expected remaining useful economic life, with the remaining useful economic life of each building being re-assessed on a periodic basis by an independent, qualified valuers.

As a result of the merger on 1 August 2023 the College's property portfolio increased to include the portfolios previously held by Lews Castle College and UHI West Highland College, neither of which applied componentisation to their tangible fixed assets.

The College has a plan in place to complete the componentisation of all properties by 31 July 2027, with the componentisation of previous West Highland College properties in 2024-25 and previous Lews Castle College properties in 2026-27.

#### ***Obligations under defined benefit pension schemes:***

The FRS 102 valuation is prepared using the default accounting assumptions for a 'typical LGPS employer', as proposed by the Scheme's actuaries for LGPS employers.

The FRS 102 assumptions are calculated by the College's actuary based upon the latest actuarial valuation and assumptions agreed by management following actuarial advice. These assumptions are documented in note 19. Changes in actuarial assumptions would have a significant impact on the size of the pension liability.

**UHI North, West and Hebrides****Notes to the financial statements  
for the year ended 31 July 2024****2 Funding body grants**

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
SFC recurrent grant (including fee waiver)	12,749	12,819
UHI Millennium Institute recurrent grant	3,373	4,059
Release of deferred capital grants - buildings	389	418
- equipment	212	240
Other SFC grants	1,223	100
	<b>17,946</b>	<b>17,636</b>

**3 Tuition fees and education contracts**

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
FE fees – UK	107	94
HE fees	1,771	2,305
SDS contracts	476	105
Education contracts	1,220	974
	<b>3,574</b>	<b>3,478</b>

**4 Other grant income**

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Release of deferred capital grants – buildings	382	869
- equipment	236	385
Other grants	1,276	1,231
	<b>1,894</b>	<b>2,485</b>

**5 Other income**

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Catering & residences	278	261
Consultancy	142	250
Rents receivable	331	-
Other income generating activities	279	64
Other income	748	1,456
	<b>1,778</b>	<b>2,031</b>

## UHI North, West and Hebrides

### Notes to the financial statements for the year ended 31 July 2024

#### 6 Interest income

	Consolidated	
	2024	2023
	£'000	£'000
Interest receivable	-	2
Net return on pension assets	260	-
	<b>260</b>	<b>2</b>

#### 7 Staff costs

	Consolidated	
	2024	2023
	£'000	£'000
Wages and salaries	15,912	16,112
Social security costs	1,445	1,408
Other pension costs	3,095	2,622
	<b>20,452</b>	<b>20,142</b>
Pension - net service cost	175	615
	<b>20,627</b>	<b>20,757</b>

#### By staff category:

Academic/teaching departments	10,415	10,346
Academic/teaching services	2,060	2,111
Research grants and contracts	1,520	1,746
Administration and central services	4,165	4,211
Premises	1,156	1,158
Catering and residences	143	488
	<b>19,459</b>	<b>20,059</b>
Pension - net service cost	175	615
Voluntary severance and termination costs	993	83
	<b>20,627</b>	<b>20,757</b>

#### Analysed as:

Staff on permanent contracts	328	349
Staff on temporary contracts	27	33
	<b>355</b>	<b>382</b>

**UHI North, West and Hebrides****Notes to the financial statements  
for the year ended 31 July 2024**

The average number of full-time equivalent employees, including higher paid employees, during the year was:

	<b>2024</b>	<b>2023</b>
	<b>Number</b>	<b>Number</b>
Academic/teaching departments	146	166
Academic teaching services	30	59
Research grants and contracts	30	38
Administration and central services	115	77
Premises	27	27
Catering and residences	7	15
	<b>355</b>	<b>382</b>

**8 Emoluments of members of the Board and higher paid staff**

No member of the Board of Management received a fee for services in the year (2023: £nil).

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Travel & expenses paid to Board members	13	2

The number of senior post holders, including the Principal and Chief Executive, who received emoluments (including benefits-in-kind but excluding pension contributions and termination payments) in the following ranges was:

	<b>2024</b>	<b>2023</b>
	<b>Number</b>	<b>Number</b>
£60,001 to £70,000	1	7
£70,001 to £80,000	1	2
£80,001 to £90,000	3	2
£90,001 to £100,000	-	2
£100,001 to £110,000	1	1

The comparative figures for 2022/23 disclose the emoluments of senior post holders for Lews Castle College, UHI North Highland College and UHI West Highland College.

There are further remuneration disclosures in the remuneration and staff report on pages 28 to 33.

**UHI North, West and Hebrides****Notes to the financial statements  
for the year ended 31 July 2024****9 Remuneration of the Principal and Chief Executive**

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Salary	115	84
Employers' pension contribution	28	11
	<b>143</b>	<b>95</b>

On 31 July 2023 Debbie Miller resigned from her position as Principal and Chief Executive of UHI North Highland College, when the College merged with Lews Castle College and UHI West Highland College.

In 2022/23 the Principal and Chief Executive was an ordinary member of the Highland Pension Fund and the College's contributions to the scheme, in relation to the Principal and Chief Executive, are paid at the same rate as for other members of Academic Staff.

On 1 August 2023 Lydia Rohmer was appointed to the position of Principal and Chief Executive of North, West and Hebrides College on the merger with Lews Castle College and UHI West Highland College.

In 2023/24 the Principal and Chief Executive was an ordinary member of the Scottish Teachers Superannuation Scheme and the College's contributions to the scheme, in relation to the Principal and Chief Executive, are paid at the same rate as for other members of Academic Staff.

**10 Other operating expenses**

	<b>Staff costs</b>	<b>Operating expenses</b>	<b>Dep'n</b>	<b>Interest Payable</b>	<b>Consolidated</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>2024</b>	<b>2023</b>
					<b>Total</b>	<b>Total</b>
					<b>£'000</b>	<b>£'000</b>
Academic/teaching departments	11,040	1,872	-	-	12,912	13,196
Academic/teaching services	2,184	-	-	-	2,184	2,667
Research grants and contracts	1,611	-	-	-	1,611	1,920
Admin and central services	4,415	1,811	-	60	6,286	6,111
Premises	1,226	2,425	2,761	-	6,412	5,531
Catering & residences	151	233	-	-	384	735
	<b>20,627</b>	<b>6,341</b>	<b>2,761</b>	<b>60</b>	<b>29,789</b>	<b>30,160</b>

**UHI North, West and Hebrides****Notes to the financial statements  
for the year ended 31 July 2024**

<b>Consolidated</b>	
<b>2024</b>	<b>2023</b>
<b>£'000</b>	<b>£'000</b>

**Other operating expenses include:**

## External auditor's remuneration:

- audit and assurance related services	28	26
- project audit	-	8

There were no other non-audit fees paid to the external auditors (2023: £nil)

## Internal auditor's remuneration:

- audit and assurance related services	23	9
--	----	---

## Operating lease rentals

- land and buildings	131	73
- plant and machinery	66	131

**11 Interest expense**

<b>Consolidated</b>	
<b>2024</b>	<b>2023</b>
<b>£'000</b>	<b>£'000</b>

Loan interest	60	99
Net return on pension liabilities	-	8
	<b>60</b>	<b>107</b>

## UHI North, West and Hebrides

### Notes to the financial statements for the year ended 31 July 2024

#### 12 Tangible fixed assets

	Consolidated and College					Total
	Land and buildings £'000	Plant & equipment £'000	Computer equipment £'000	Motor vehicles £'000	Work in progress £'000	£'000
<b>Cost:</b>						
At 1 August 2023	50,124	8,379	1,966	69	1,066	61,604
Additions	343	247	62	-	1,785	2,437
Indexation	153	-	-	-	-	153
Revaluations	(212)	-	-	-	-	(212)
Impairment	(650)	-	-	-	-	(650)
<b>At 31 July 2024</b>	<b>49,758</b>	<b>8,626</b>	<b>2,028</b>	<b>69</b>	<b>2,851</b>	<b>63,332</b>
<b>Depreciation:</b>						
At 1 August 2023	2,061	7,221	1,860	64	663	11,869
Charge for the year	2,107	559	93	2	-	2,761
Revaluation	(1,568)	-	-	-	-	(1,568)
<b>At 31 July 2024</b>	<b>2,600</b>	<b>7,780</b>	<b>1,953</b>	<b>66</b>	<b>663</b>	<b>13,062</b>
<b>Net Book Value:</b>						
<b>At 31 July 2024</b>	<b>47,158</b>	<b>846</b>	<b>75</b>	<b>3</b>	<b>2,188</b>	<b>50,270</b>
At 31 July 2023	48,063	1,158	106	5	403	49,735

As a result of the merger on 1 August 2023 the College's property portfolio increased to include the portfolios previously held by Lews Castle College and UHI West Highland College.

The College has a plan in place to align the property valuation cycle for all properties by 31 July 2027.

As at 31 July 2024 the status is as follows:

- Properties previously held by Lews Castle College underwent a full revaluation at 31 July 2024. This valuation was undertaken by an independent valuer, FG Burnett.
- Properties held by North, West and Hebrides (previously UHI North Highland College) underwent a full revaluation at 31 July 2022. This valuation was undertaken by an independent valuer, Graham and Sibbald.
- Properties previously held by UHI West Highland College underwent a full revaluation at 31 July 2023. This valuation was undertaken by an independent valuer, Graham and Sibbald.

All valuations have been undertaken on the basis of fair value (market value or depreciated replacement costs where appropriate), with the values being computed in accordance with the Royal Institute of Chartered Surveyor's Statement of Asset Valuation Practice and Guidance notes.

Wick College is included at the lower of Market Value or Depreciated Replacement Cost as an asset for sale within current assets at £nil (2023: £nil).

For land and buildings stated at revalued amounts the carrying amount that would have been recognised had the assets been carried at historic cost at is £7,601k (2023: 7,858k). Included within land and buildings are tenant improvements with a net book value of £1k (2023: £1k).

## UHI North, West and Hebrides

### Notes to the financial statements for the year ended 31 July 2024

#### Impairment of tangible fixed assets

During the year, the College reviewed its estate for indicators of impairment in accordance with FRS 102. As a result, impairment losses totalling £650,000 were recognised on three sites:

- Thurso Campus - £250,000 impairment on older tower block and wing buildings, reflecting increased maintenance costs associated with roof leaks and replacement of façade windows.
- ERI Building - £100,000 impairment due to the age and condition of the facility, with substantial internal works and roof upgrades planned.
- Fort William Campus - £300,000 impairment arising from deterioration of curtain wall windows, causing significant water ingress and internal dampness.

These impairments reflect the estimated reduction in the recoverable amount of the affected assets, determined by reference to their service potential for ongoing education delivery.

#### 13 Investments

	Consolidated		College	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Investment - subsidiary undertaking	-	-	-	-
Investment - unlisted	1	1	1	1
	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>

Lews Castle College (Trading) Ltd is a wholly owned subsidiary undertakings of the College, a company registered in Scotland with issued share capital of two ordinary shares of £1 each. The company does not trade and is currently held for name protection purposes. The registered office is UHI North, West and Hebrides, Ormlie Road, Thurso, KW14 7EE.

The College holds an unlisted investment of 27% of in the ordinary shares of Greenspace Live Limited, but it does not participate in the operational or financial policies of the company and its financial results are not included within the College's consolidated financial statements. The investment is stated at cost less impairment.

The College and Ceolas Uibhist Limited entered into a 50:50 joint venture arrangement on 17 June 2019 to establish Cnoc Soilleir Ltd, a company limited by guarantee, to take forward the development and operation of the Cnoc Soilleir building and facility in Daliburgh, South Uist. The Phase One building was completed in the summer of 2022, being officially opened on the 1<sup>st</sup> September 2022, and 2022-23 was the first year of the operation of the new facility.

#### Cnoc Soilleir Ltd

	Total 2024 £'000	Total 2023 £'000
Net (expenditure) / income	(21)	64

Donations and legacies are £138k (2023: £202k), of which £109k (2023: £151k) is subject to restriction as it relates funds raised from stakeholders for the purpose of delivering the Phase I building and funding already secured towards the future Phase II.

**UHI North, West and Hebrides****Notes to the financial statements  
for the year ended 31 July 2024**

	<b>Total 2024 £'000</b>	<b>Total 2023 £'000</b>
Net assets	9,400	9,421

Tangible fixed assets comprise long leasehold £6,316k (2022: £6,363k) and fixtures and fittings £86k (2022: £112k). Depreciation is provided on a historic cost basis.

Cash at bank is £2,998k (2022: £2,945k), of this £2,929k (2023: £2,889k) is subject to restriction as it comprises funds raised from stakeholders for the purpose of delivering the Phase I building and funding already secured towards the future Phase II.

	<b>Total 2024 £'000</b>	<b>Total 2023 £'000</b>
College share of net income	-	32
Impairment	-	(32)
Carrying value of investment	-	-
	<b>Total 2024 £'000</b>	<b>Total 2023 £'000</b>
College share of net assets	4,700	4,710
Impairment	(4,700)	(4,710)
Carrying value of investment	-	-

The College has impaired the carrying value of its investment in Cnoc Soilleir Limited as:

No distributions have been received since incorporation and, in accordance with future financial projections, none is expected to be received in future years

The funds received and the assets held by the joint venture are restricted in nature, being granted by external funders for a specific purpose, with there being no expectation of financial benefit to the college in neither the current nor future years.

The College's investment is deemed to have a carrying value of £1 (2023: £1).

**14 Debtors**

	<b>Consolidated</b>		<b>College</b>	
	<b>2024 £'000</b>	<b>2023 £'000</b>	<b>2024 £'000</b>	<b>2023 £'000</b>
Trade debtors	344	533	344	533
Other debtors	4	1	4	1
Prepayments and accrued income	709	862	709	862
	<b>1,057</b>	<b>1,396</b>	<b>1,057</b>	<b>1,396</b>

Financial instrument assets comprise; trade debtors, other debtors, accrued income and cash and cash equivalents of £2,865k (2023: £2,461k).

## UHI North, West and Hebrides

### Notes to the financial statements for the year ended 31 July 2024

#### 15 Cash and cash equivalents

	Consolidated		College	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
At 1 August	1,202	2,126	1,202	2,126
Cash inflow / (outflow) for the year	738	(924)	738	(924)
At 31 July	<b>1,940</b>	<b>1,202</b>	<b>1,940</b>	<b>1,202</b>

#### 16 Creditors: Amounts falling due within one year

	Consolidated		College	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Bank loan	85	80	85	80
Trade creditors	283	519	283	519
Other taxation and social security	680	438	680	438
Other creditors	1,370	846	1,370	846
Owed to subsidiary undertakings	1	1	6	6
Deferred income – capital grants	1,080	1,325	1,080	1,325
Accruals	6,230	2,828	6,230	2,828
Deferred income	297	307	297	307
	<b>10,026</b>	<b>6,344</b>	<b>10,031</b>	<b>6,349</b>

Within accruals is an expected liability of £1,153k in reference to national bargaining negotiations that were ongoing at the year-end date. These negotiations were concluded post year-end and back dated pay awards made in August/September 2024.

Within accruals is a cash advance of £3,705k (2023: £725k) in relation to funds made available to the College by the Regional Strategic Body

Financial instrument liabilities comprise of trade creditors, other taxation and social security and other creditors of £2,333k (2023: £1,803k).

#### 17 Creditors: Amounts falling due after more than one year

	Consolidated		College	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Bank loan	835	920	835	920
Deferred income - capital grants	21,086	20,511	21,086	20,511
	<b>21,921</b>	<b>21,431</b>	<b>21,921</b>	<b>21,431</b>

The bank loan repayable as follows:

- In one year or less	85	80
- Between one and two years	91	85
- Between two and five years	309	291
- On five years or more	435	544
	<b>920</b>	<b>1,000</b>

The college holds a 25-year unsecured fixed rate term loan with the Bank of Scotland. This is repayable by monthly instalments in full by 2032.

## UHI North, West and Hebrides

### Notes to the financial statements for the year ended 31 July 2024

#### 18 Provisions for liabilities and charges

	Consolidated and College		
	Enhanced Pensions £'000	Job evaluation £'000	Total £'000
At 1 August 2023	1,089	1,384	2,473
Increase in provision	83	346	429
Charged in the year	(105)	-	(105)
<b>At 31 July 2024</b>	<b>1,067</b>	<b>1,730</b>	<b>2,797</b>

The early retirement provision meets the cost of legacy pension benefits that are unfunded and paid, as and when they arise, direct to retired members by the College. The cost is charged against the provision established to meet the cost when it arose.

The provision has been revalued using actuarial tables supplied by the Scottish Funding Council. The net interest rate applied was 0.75%. The above liability is in respect of future pension liabilities arising from early retirements.

The National Job Evaluation Scheme is an exercise that was initiated in 2018 whereby job roles and salary costs are being reviewed and aligned for support staff and middle management across the College sector in Scotland. From 2018/19 financial year an accrual has been made on an annual basis for the estimated cost of the job evaluation exercise on staff costs in the college.

#### 19 Pension schemes

The College participates in the following pension schemes:

- The Highland Pension Fund (HPF)
- The Scottish Teachers' Superannuation Scheme (STSS)

Total pension costs for the year were:

	2024 £'000	2023 £'000
HPF – charge to income statement	1,543	1,661
STSS – contributions paid	1,546	1,555
Nest – contributions paid	-	60
<b>Total pension costs at 31 July</b>	<b>3,089</b>	<b>3,276</b>

At 31 July 2023 HPF had a net surplus of £6,928k (2023: £3,265k). This surplus is recognised as a pension asset in the financial statements as it meets the recognition criteria set out in FRS 102.

#### Highland Pension Fund

The HPF is an externally funded multi-employer defined-benefit scheme that covers both past and present employees, that was contracted out of the State Second Pension (S2P) until 31 March 2016. The HPF is a pool into which employees' and employers' contributions and income from investments are paid, and from which pensions and other related benefits are paid out in accordance with the provisions of the Local Government Pension Scheme.

**UHI North, West and Hebrides****Notes to the financial statements  
for the year ended 31 July 2024**

A valuation of the College's benefit obligation in respect of its members has been estimated by a qualified independent actuary based on the 31 March 2023 valuation results, rolled forward onto the following assumptions used as at 31 July 2024:

The latest actuarial assessment was carried out as at 31 March 2023. As at the valuation date the Scheme had an asset value of £2,406 million and a value of liabilities (including McCloud liability) of £1,773 million, giving surplus of £633 million.

Until 31 March 2024 the College paid employer contributions of 19.1% of pensionable salaries and staff paid employee contributions in the range of 5.5% to 11.2%.

Subsequently, the valuation set an employer contribution rate of 17.9% of pensionable salary, there was no change to employee contributions rates.

Total contributions made for the year are £1,797,000, of which there are employers' contributions of £1,368,000 and employees' contributions of £429,000.

	<b>2024</b>	<b>2023</b>
Discount rate	5.00%	5.05%
Rate of increase in salaries	3.55%	3.80%
Rate of increase in pensions in payment/inflation	2.75%	3.00%

The weighted average life expectancies used to determine benefit obligations are as follows:

	Years	Years
Current pensioners:		
Male	20.6	20.2
Female	23.6	22.9
Future pensioners		
Male	21.3	21.4
Female	24.9	24.7
	<b>%</b>	<b>%</b>

**The assets in the scheme were:**

Equities	68%	76%
Bonds	10%	12%
Property	15%	11%
Cash	7%	1%

The following amounts at 31 July were measured in accordance with the requirements of FRS 102:

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Total market value of assets	40,695	25,457
Present value of liabilities	(33,767)	(22,192)
Net pension asset under FRS 102	<u>6,928</u>	<u>3,265</u>

**UHI North, West and Hebrides****Notes to the financial statements  
for the year ended 31 July 2024****Amount charged to operating deficit:**

<b>Staff costs:</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	(1,455)	(1,472)
Past service cost	(90)	-
Total operating charge	<u>(1,545)</u>	<u>(1,472)</u>

**Interest and other financial costs:**

Expected return on scheme assets	1,878	1,274
Interest on scheme liabilities	(1,618)	(1,282)
Total net return	<u>260</u>	<u>(8)</u>

Total HPF pension cost recognised in the statement of total comprehensive income

**(1,285)**      **(1,480)**

**Other comprehensive income (OCI):**

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Actual return on assets exc. amounts included in net interest	1,305	(954)
Actuarial gain on scheme	310	6,714
Actuarial gain recognised in the OCI	<u><b>1,615</b></u>	<u><b>5,760</b></u>

**Movements in present value of scheme assets during the year:**

	<b>£'000</b>	<b>£'000</b>
Assets at the beginning of the year	36,869	36,287
Movement in the year		
Interest income	1,878	1,276
Actual return on assets (excl. amounts included in net interest)	1,305	(1,225)
Contributions by the employer	1,370	1,052
Contributions by scheme participants	418	341
Benefits paid	(1,145)	(862)
Assets at the end of the year	<u><b>40,695</b></u>	<u><b>36,869</b></u>

**UHI North, West and Hebrides****Notes to the financial statements  
for the year ended 31 July 2024****Movements in present value of scheme liabilities during the year:**

	<b>£'000</b>	<b>£'000</b>
Liabilities at the beginning of	31,647	36,200
Movement in the year		
Current service cost	1,455	1,671
Past service cost	90	-
Interest cost	1,618	1,285
Actuarial gain	(316)	(6,988)
Contributions by scheme	418	341
Benefits paid	(1,145)	(862)
	<b>33,767</b>	<b>31,647</b>
Liabilities at the end of the year		
Details of the experience gains and losses for the years:		
	<b>£'000</b>	<b>£'000</b>
Fair value of scheme assets	40,695	36,869
Present value of scheme	(33,767)	(31,647)
Surplus in the scheme	<b>6,928</b>	<b>5,222</b>

**Scottish Teachers Superannuation Scheme**

The Scottish Teachers' Superannuation Scheme (STSS) is an unfunded multi-employer defined benefit only pension scheme that was contracted out of the State Second Pension (S2P) until 31 March 2016.

The scheme closed to new members from 1 April 2015 with existing members transitioning to the Scottish Teachers Pension Scheme 2015, but with transitional protection on a tapered basis for members based on the number of years until their normal retirement age. Members who were within 10 years of their normal retirement age as at 1 April 2012 retain continued membership of their existing scheme.

Under the definitions set out in FRS 102 the STSS is an unfunded multi-employer defined benefit scheme and as the College is unable to identify its share of the Scheme's underlying assets and liabilities it has applied the exemption in FRS 102 to account for the Scheme as if it were a defined contribution scheme

**Scottish Teachers Pension Scheme 2015**

The Scottish Teachers' Pension Scheme 2015 (STPS) is an unfunded multi-employer career average defined benefit only pension scheme.

Under the definitions set out in FRS 102 the STSS is an unfunded multi-employer career average defined benefit scheme and as the College is unable to identify its share of the Scheme's underlying assets and liabilities it has applied the exemption in FRS 102 to account for the Scheme as if it were a defined contribution scheme

The latest actuarial assessment was carried out as at 31 March 2020. The Scheme had total liabilities, for service to 31 March 2016 of £26.9 billion and notional assets of £24.1 billion giving a notional past service deficit of £2.8 billion.

Up until 31 March 2024 the College paid employer contributions of 23% of pensionable salaries and staff paid employee contributions in the range of 7.2% to 11.9% .

Subsequently, the valuation set an employer contribution rate of 26% of pensionable salary for the period 1 April 2024 to 31 March 2027 and tiered employee contribution rates in the range of 7.35% to 12.14%.

**Notes to the financial statements  
for the year ended 31 July 2024**

Total contributions made for the year are £2,115,000, of which there are employers' contributions of £1,546,000 and employees' contributions of £569,000.

**20 Contingent asset**

A full job evaluation exercise with the purpose of harmonising support and middle management staff costs across the College sector in Scotland was started in 2018. The responsibility for funding the exercise now sits with Scottish Government. The full extent of the costs to be worked through with National Pay Bargaining will not be confirmed until the job evaluation exercise is concluded, the outcome of which will be implemented as from 1 September 2018. Since 2018-19 colleges have accrued support staff and middle management costs and associated grant funding based on Colleges Scotland's February 2019 staff costings. For the College this resulted in accumulated cost accrual and debtor balances of £1,384k to 31 July 2023.

The 2023-24 Accounts Direction from the Scottish Funding Council (SFC) signals a change in the accounting for the funding and costs of the job evaluation exercise, with a central focus on the Scottish Government being clear that responsibility for job evaluation funding commitments now rests with it until the process is complete.

As the Accounts Direction was received from the SFC prior to the signing of the accounts for the year ended 31 July 2023 an adjustment was made in that year to reflect the revised accounting treatment for the National Job Evaluation Scheme.

The job evaluation exercise is a past event where an obligation exists, its impact can be reliably measured, and it is likely to result in an outflow of benefits in future periods. On this basis, the costs of the exercise have been recognised as a provision for the total estimated cost of the exercise to date.

The valuation of the provision is based on the figure originally provided in February 2019 with annual inflationary adjustments to align with uplifted payments to staff over the period. As the timing of the outflow of benefits remains uncertain, the previously accrued costs have been reclassified as a provision. This treatment is considered to be compliant with the SORP and the relevant underlying accounting standards

The recognition of the revenue is not as clear due to the change in the funding arrangements. The SFC no longer hold the reserved cash funding, and although responsibility for job evaluation funding now sits with the Scottish Government, insufficient evidence has been provided for this income to be recognised in the financial statements.

On this basis, the revenue element was de-recognised in the accounts. There was however sufficient basis upon which to recognise a contingent asset of the value equal to that of the provision (£1,384k), to be recognised on the balance sheet at such time realisation of cash-flows become virtually certain and quantifiable.

At 31 July 2024, after applying an annual inflationary adjustment, the provision was £1,730k and there was sufficient basis to recognise a contingent asset of the value equal to that of the provision.

## UHI North, West and Hebrides

### Notes to the financial statements for the year ended 31 July 2024

#### 21 Commitments

The College has annual commitments under non-cancellable operating leases as follows:

	2024 £'000	2023 £'000
<b>Land and buildings:</b>		
Payable during the year	200	131
<b>Future minimum lease payments due:</b>		
Not later than 1 year	41	131
Later than 1 year and not later than 5 years	17	111
<b>Total lease payments due</b>	<b>58</b>	<b>242</b>
<b>Other:</b>		
Payable during the year	85	73
<b>Future minimum lease payments due:</b>		
Not later than 1 year	135	67
Later than 1 year and not later than 5 years	325	-
<b>Total lease payments due</b>	<b>460</b>	<b>67</b>

#### 22 Contingent liabilities (Consolidated and College)

There are no contingent liabilities.

In June 2023, the UK High Court issued a ruling in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes. This case may have implications for other defined benefit schemes in the UK. The impact of the case is continuing to be assessed and any potential impact on the College accounts will be considered in future years.

#### 23 Losses and special payments

There were no amounts written off during the period in respect of losses and special payments either under a general delegated authority from Scottish Funding Council or on specific authority.

#### 24 Related party transactions

	Member(s)	Position	Sales £'000	Purchase £'000
Cnoc Soilleir Ltd	Chris Alliston <sup>(1)</sup>	UHI Representative	7	47
	Michael Foxley	UHI Representative		
	Rupert Marshal <sup>(2)</sup>	UHI Representative		
Highland Council	Struan Mackie	Councillor	24	56
HISA	Nicolas Kowalczyk	Depute President	57	-
The Nevis Partnership	Lydia Rohmer	Advisory Board member	-	6

<sup>(1)</sup>Resigned 1 June 2024

<sup>(2)</sup>Appointed 1 June 2024

## UHI North, West and Hebrides

### Notes to the financial statements for the year ended 31 July 2024

At 31 July 2024 the College's creditor balance with these related parties was £nil.

Due to the nature of the College's operations and the composition of the Board of Management (being drawn from local public and private sector organisations) it is possible that transactions will take place with organisations in which a member of the Board of Management may have an interest.

All transactions involving organisations in which a member of the board of governors or the Senior Management Team may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures

The College is a body incorporated under the Further and Higher Education (Scotland) Act 1992 sponsored by the Scottish Funding Council (SFC). The SFC is regarded as a related party. During the year the College had various material transactions with the SFC and with other entities for which the SFC is regarded as the sponsor Department e.g., Student Awards Agency for Scotland. On the basis of guidance from the SFC these transactions do not require to be disclosed

During the period, the College had various material transactions with the University of the Highlands & Islands (UHI), which received university title on 2 February 2011. The College receives funding for higher education activity through UHI Executive Office. Funding in respect of further education activity is distributed by UHI Executive Office acting as the Regional Strategic Body to which the College has been assigned.

#### 25 Bursaries and other student support funds

	Bursary	HE	FE	EMA	2024	2023
	£'000	Hardship	Hardship	£'000	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August	567	5	-	(1)	572	539
Allocation received in year	1,830	60	227	43	2,160	2,210
Expenditure	(1,389)	(50)	(227)	(43)	(1,710)	(1,594)
Repaid to SFC/UHI	(498)	-	-	-	(498)	(425)
Intra-region redistribution	(120)	-	-	-	(120)	(125)
Other	-	-	-	-	-	(33)
<b>At 31 July</b>	<b>390</b>	<b>15</b>	<b>-</b>	<b>(1)</b>	<b>404</b>	<b>572</b>

The College acts as an agent in the receipt and disbursement of Bursary and other student support funds. These funds are excluded from the Statement of Comprehensive Income.

#### Represented by:

Repayable to SFC/UHI	334	-	-	-	334	498
Other amounts	56	15	-	(1)	70	74
	<b>390</b>	<b>15</b>	<b>-</b>	<b>(1)</b>	<b>404</b>	<b>572</b>

## UHI North, West and Hebrides

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### Notes to the financial statements for the year ended 31 July 2024

#### 26 Childcare funds

	2024 £'000	2023 £'000
At 1 August	1	16
Allocation received in year	17	23
Expenditure	(17)	(23)
Other	-	(15)
<b>At 31 July</b>	<b>1</b>	<b>1</b>

Childcare funds are available solely for students, the college acts only as a paying agent. The income and related disbursements are therefore excluded from the Income and Expenditure Account

#### Represented by:

Repayable to SFC/UHI	-	-
Other amounts	1	1
<b>At 31 July</b>	<b>1</b>	<b>1</b>

#### 27 Events after the reporting period

There were no events after the reporting period.

#### 28 Government non-cash allocation for depreciation

	2024 £'000	2023 £'000
Deficit for the year before other gains and losses (FE-HE SORP basis)	(4,337)	(4,528)
Add back: Non-cash allocation for depreciation	2,761	2,613
Add back: Deferred capital grants	(1,219)	(1,912)
<b>Operating deficit on Central Government accounting basis</b>	<b>(2,795)</b>	<b>(3,827)</b>

Colleges receive a non-cash budget to cover depreciation, but this additional budget is not recognised under the FE/HE SORP accounting rules.

Colleges may show a deficit equivalent to net depreciation as a result of having to meet Government accounting rules and the requirement to spend the entire cash allocation.

## **UHI North, West and Hebrides**

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### **Appendix 1**

#### **Accounts Direction for Scotland's Universities 2023-24**

1. It is the Scottish Funding Council's direction that institutions comply with the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) in preparing their annual report and accounts
2. Institutions must comply with this accounts direction in the preparation of their annual report and accounts in accordance with the Financial Memorandum with the Scottish Funding Council (SFC) or the Regional Strategic Body (RSB) (for assigned colleges).
3. Incorporated colleges and Glasgow Colleges' Regional Board must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2024.
4. The annual report and accounts should be signed by the Chief Executive Officer and by the Chair, or one other member of the governing body
5. The annual report and accounts should be signed by the chief executive officer / Executive Director and by the chair, or one other member of the governing body.
6. Incorporated colleges and Glasgow Colleges' Regional Board should reproduce this Direction as an appendix to the annual report and accounts.

Scottish Funding Council  
18 September 2024