

University of the Highlands and Islands response to phase 1 of the SFC review of coherent provision and sustainability

Thank you for the opportunity to submit evidence to this review. This is our initial response. We are happy to follow up on any of the matters we raise. We are planning further discussions within our partnership to inform further engagements with you later in the review.

UHI's vision is that we will be recognised for the quality of our students' experience and for their achievement. Our worldwide reputation will be built upon our innovative approach to learning and our distinctive research and curriculum, enriched by the people, natural environment, economy, culture and heritage of our region and its communities. We will be locally based, regional in structure and have national and international reach.

Our mission – made even more important by the pandemic – is to have a transformational impact on the prospects of our region, its economy, its people and its communities.

Our university is different. We have created a regional tertiary university based on a partnership of colleges and specialist institutions. We are both the local college and the university for our region, from Perth to Shetland. Across our 13 academic partners we have 33,000 students, 23,000 at FE level, 10,000 at HE level. This equates to 15,000 full time equivalent students, 8,000 at FE level and 7,000 at HE level. Seventy percent of our HE students are from our region and we deliver to them from over 70 locations.

Being tertiary is important in serving our dispersed population. It means we can offer our students the full range of levels of courses. Offering provision at FE level, apprenticeships, HNs, undergraduate and postgraduate degrees allows people to progress as far as they want within our institution and importantly, for those who reside here, within or close to their own community. Being tertiary also enables us to make more effective use of our staff and our buildings. We have strength in further and higher education and in our focussed research portfolio to support the specific social, cultural and economic needs of our communities.

We use networked and blended learning because that has helped us serve a dispersed population from centres across our region. Continuing to serve the whole of the region through both face to face and networked learning matters for both further and higher education.

We have strong links with employers, ranging from relationships with life sciences through our Centre for Health Science to working with Boeing as part of the Moray Growth Deal. Recently these links have led to new courses in optometry and applied software development. We focus on what is most important for our economy and people. This includes, for example, key areas with significant growth potential such as the marine economy – in marine biology, marine energy, and aquaculture. It also includes areas, such as nursing and teacher education, where we educate the professionals for our area.

Our tertiary and dispersed history puts us in a good position for the future. But we will continue to develop our curriculum and how we offer it. Needs will change in the coming years. What we offer will change too. We will work closely with the enterprise agencies, the funding and skills bodies, industry and employers and our local authorities to establish need and we will adapt to meet it. We will be ambitious in developing new curriculum areas

We aspire to do more. The covid-19 pandemic could have a disproportionate impact on our region. The Highlands and Islands area has the highest number of grants approved under the Covid Business Support Grant Fund. UHI will be crucial to recovery.

We have previously highlighted to the review secretariat that, because of our unique regional tertiary structure, there are aspirations we have for this review that will be very specific to us. SFC has acknowledged this and is open to meeting with us during the key stages of phase two.

In response to the specific questions:

What do you think works well in the current further and higher education arrangements that we should keep in order to secure Scotland's inclusive social and economic recovery from the current pandemic? How can we best preserve and strengthen those features of education, research and innovation in Scotland that we most prize, in a very challenging funding environment?

UHI's growth and success have been supported over many years by the current and previous arrangements. They have supported us in becoming a strong regional tertiary university. Because we serve a dispersed rural area and have, by necessity, to deliver through campuses across our region, we have valued the additional funding to recognise rurality in FE and for access in HE. It is essential that specific funding of this type continues. Our ability to serve our populations in our islands and the west and north coast depends on it.

As the anchor university in the Highlands and Islands region, it is essential that the university continues to be supported to ensure that locally based and contextualised research and knowledge exchange activity continues in order to underpin the economic regeneration of key sectors in the region post covid-19 and post BREXIT. Examples of where the University's research and knowledge exchange strengths match the key regional sectors are 'blue' and 'green' economy and environmental science, energy, health, tourism, culture, heritage and the Gaelic language. This university has a significantly higher amount of research funding than other modern universities: currently UHI has around £30M of income per year relating to research and knowledge exchange. This profile, and the specific activities and outputs that stem from it, are of significant importance to the regional economy. Without this scale of investment there would be risk to the regional economy and so ongoing access to significant funding streams, such as REG is critical for the University to enable it to fulfil its core mission.

The Government's decision to make the university the regional strategic body for the funding of further education elements of our partners' provision, taken together with the way that the application of HE funding was already coordinated by the university strengthened our tertiary nature – though we want to develop even further in that direction.

Our college academic partners have – at SFC's encouragement – become part of the national bargaining arrangements for the college sector. That has come at a considerable cost which was until recently supported fully by the SFC. The return to a price times volume funding arrangement has threatened that. It is important that the SFC continue to support the cost of national bargaining in our partnership. Not doing so could damage what we can offer to students.

What do you think colleges, universities and specialist institutions should stop doing, or do differently, in order to contribute effectively to an inclusive social and economic recovery? (You may wish to comment on teaching and skills development, sectoral and employer needs and employability, research, innovation and knowledge exchange, widening access and equalities issues.)

We are changing already. This review comes at a time when our university is implementing a programme of change that preceded the pandemic but has been accelerated by it. We are streamlining how our partnership operates, we are more deeply embedding a tertiary approach to our decision-making structures, and we are reviewing both our curriculum and how we fund it.

Over the coming years we anticipate need and demand for tertiary education will change. As in the last recession, there may be a need for an increased focus on full-time courses for young people. But, given the potential impact on key industries in our area, there may also be increased demand from people currently in the workforce – or who have recently left it – who wish to retrain or upskill.

We have strengths in online and blended delivery that have enabled an effective response to the necessary reduction in on-campus activity since the start of the pandemic. We will continue to develop our ability to network blended delivery across our campuses, not because of the pandemic, but because it is the best way to serve our dispersed population. It is important that we also invest in the ability to deliver the face to face and hands-on elements of blended learning. Face to face learning is – and will remain – the best, and sometimes only, way to effectively deliver some specific areas of the curriculum. In considering future models of education, we will be driven by what works.

We want to preserve – and develop – the breadth of what we offer. We cover a very wide spectrum of education, research and knowledge exchange for our region. That breadth is important to our strategy and we want it to continue. Being a genuine

tertiary institution means having strengths at every level of provision, not just at the intersection of further and higher education.

In recent years we have built synergies and pathways between our further and higher education. Currently the SFC allocates funding for further and higher education in two separate streams, counts students in different ways and has different funding rules. While UHI has a single, tertiary outcome agreement with SFC, this contains very different measures for FE and HE. We recognise the importance of the two streams of funding to government and do not advocate a single stream. We would like to explore the extent to which greater commonality of approach across the way that SFC deals with HE and FE could improve the way we serve students.

Five of the academic partners in UHI are treated as part of the public sector and are part of government accounting rules. This means they are unable to build reserves or to borrow money. Their scope for generating income for investment is constrained. Being part of the wider university partnership can mitigate some of these disadvantages. But in a time of great economic uncertainty, giving colleges the ability to develop non-SFC income has advantages. SFC and the Government should consider again whether the benefits of agile, entrepreneurial colleges outweigh the case for the current rules.

How can colleges, universities and specialist institutions best support Scotland's international connectedness and competitiveness in the post-pandemic, post-EU membership environment?

UHI is committed to internationalisation with ambition consistent with *'Universities Scotland Internationally Scottish - Creating global communities'*. The University has established mechanisms to prioritise its 'International Curriculum' to ensure it is distinctive and competitive curriculum, builds reputation and credibility (internationally and nationally), is recognisable in terms of quality, relevance and responsiveness, and equips students for the world of work.

Student exchange is important at both further and higher education level. We emphasise the importance of continuing the benefits of the ERASMUS programmes to our region.

We are seeking to work through international partnerships and initiatives that will promote connectedness and competitiveness in the post-pandemic, post-EU membership environment. Examples include: our partnership with University of Akureyri, Iceland, to promote wider access to higher education in Northern territories; and Perth College UHI's 'microcampus' in China in partnership with the Hunan Institute of Engineering. Other initiatives are under discussion with institutions in Europe (within and outwith the EU) and Asia.

Scottish universities are faced with the challenge of reducing reliance on SFC funding through growing income from international student recruitment while doing so

within the context of sustainability, reduction of carbon emissions and the global climate crisis. The pandemic has added a new level of uncertainty in that area. UHI is less exposed to these risks than many other universities. However, we have strengths that might address some of these risks.

Online education, or trans-national education are routes through which these dual challenges may be addressed. UHI has strong experience in online education with an existing curriculum portfolio. This presents an opportunity for UHI to 'tune' its international curriculum proposition to both grow our international student numbers and promote more sustainable forms of delivery into international markets. Our operation and experience in this area may offer competitive advantage. This in fact applies to the interests of both international students and domestic students alike.

What opportunities and threats does the post-pandemic environment hold for colleges, universities and specialist institutions? For institutional leaders, how are you planning to address these challenges and opportunities?

The post-pandemic world will create different needs and demands on colleges and universities. We are adapting and will continue to do so. The concept of an 'education-led recovery' as signalled in the report of the independent advisory group on economic recovery is an opportunity to demonstrate how we can use colleges and universities to drive and support change.

In order to rise to that challenge colleges and universities – supported by the SFC – need to deal with the threats to institutional viability as effectively and as quickly as possible in order that we can focus outward on supporting recovery. We have agreed as a partnership that this will be our approach.

We will innovate in the way we use our resources. We have agreed a plan as a partnership to review our curriculum for both further and higher education, to recast the way that we allocate funding internally to better support the curriculum and promote partner financial viability at all locations, and become more efficient by seeking financial savings across the partnership; and to align support services.

What forms of collaboration within the tertiary education eco-system would best enable a coherent and effective response to these challenges and opportunities?

The foundation of UHI is a collaboration among our academic partners, each of which has a specific geographic or specialist focus. Our partnership creates a tertiary and regional institution that is focussed both on our region, its localities and, for some specialisms, Scotland as a whole. We are developing that partnership to become even more coherent and effective. We are an example of the benefits that tertiary, regional collaboration can bring.

We collaborate with our local authorities. An example is the UHI Islands Strategy that has been agreed across the university and our three island authorities. We collaborate with other institutions, especially in research and are a leading or active partner in several research pools. Funding streams – from SFC and other parts of government – that support collaboration can help these processes.

We will continue to seek collaboration – with universities, colleges and other partners – where that supports our core mission.

How can SFC, alongside government and other enterprise, skills and education-focused agencies, best support colleges, universities and specialist institutions to make their full contribution to Scotland's inclusive, green and education-led recovery? In particular, you may wish to draw out:

How scarce public resources should be prioritised to drive recovery

It is important that we focus resources on delivery and outcomes, rather than on structures. Where additional funding is available it should be used in ways that do not have a significant overhead and which can be used quickly and flexibly. SFC funding to colleges and universities largely meets these criteria. We should make that case to government in targeting additional funds.

The UHI partnership has benefitted significantly from European Union funding over most of our existence. It is important the Shared Prosperity Fund which will replace some European funding is targeted well. We are very keen to engage on this issue and ensure that the importance of place-based initiatives is not lost.

Particular areas of collaboration between agencies that would best support the sectors' contributions

In UHI we work well with our partners in Highlands and Islands Enterprise (HIE) and with SDS in the implementation of our regional skills investment plan. The Scottish Funding Council is part of these discussions. We are aware of the work that SFC and SDS are undertaking to improve skills alignment. The covid-19 pandemic has shown the need for any such alignment to be flexible and quickly adaptable to changed circumstances.

UHI receives funding from SFC and also contracts with SDS for apprenticeship provision. It is important that these two streams of funding are aligned and that, as European funding for SDS programmes comes to an end we have clarity on future funding for the apprenticeship family, in particular for the newer Foundation and Graduate apprenticeships. We would urge the SFC and SDS to work closely together to create a stable, flexible and light touch funding regime for apprenticeships that maximises the proportion of funding supports the apprentice. The response to the pandemic has also highlighted the different approaches between SFC and SDS and,

to a lesser extent between SFC and the Student Award Agency for Scotland. We need to find way to focus on learner need rather than on agency specific approaches.

Our region spans two enterprise agencies. Although most of our region is in the HIE area, Perth and Kinross is in the Scottish Enterprise area. Ensuring a coherent approach on some region-wide issues – including on labour market information with SDS – is important. A flexible approach to cross boundary issues by SFC, by enterprise agencies, SDS, by local authorities, and – for our health provision – by health boards, is vital if we are to gain the benefits of a regional approach while recognising that that people and the economy cannot easily be defined by rigid geography.

Adaptations to SFC's funding and accountability frameworks to promote agile and collaborative action by the sectors to build Scotland's recovery

We recognise and welcome the importance of accountability. Only by robustly demonstrating the use of public funding can we make the case for its continuation in what will be challenging times. We also recognise and support the flexibility shown by the SFC in relaxing some outcome agreement targets in response to the pandemic. These actions have been important to institutional stability.

Outcome agreements – the main accountability mechanism used by the SFC – can be a proportionate and flexible way of linking public funding to our agreed priorities. We advocate retaining the single, tertiary agreement covering both HE and FE in our region. We would like these agreements to become leaner and more strategic documents, more focussed on the highest priorities for each region, based on a genuine discussion of the needs of our region and the partnership aspirations. The current approach is too strongly driven by volume targets and measures that are more relevant for some regions than others. We would like our funding and the outcomes linked to it to be based on key areas that SFC supports – in our case the regional impact of teaching research and knowledge exchange, supporting non-traditional students, and geographic access.

How SFC's funding and accountability frameworks should ensure that equality and wide access to educational opportunity are promoted as key elements of the recovery for younger people and adults

Access is core to our mission. It is important both in the sense of non-traditional students – by socio economic status, race, gender, disability and other protected characteristics and in the geographic sense. The two form of access intersect, the impact of being unable to study in your own locality has a far bigger impact on some groups than others. Our partnership has benefited from rurality funding for FE and access funding for HE. It is important that these continue to be part of the way that the SFC funds us. As a tertiary institution, it is more visible to us that the way that

these priorities are supported by SFC differs in college and university funding methods. This review is an opportunity to consider where these differences make sense and where they are based on precedent. For UHI, there are diseconomies of scale in how we (necessarily) deliver HE as well as in FE. The review should consider supporting remote rural HE provision with differential funding.

What support SFC and government could give institutions to adapt to a changed environment

We are exploring and implementing change within the partnership – including staff reductions in several partners to deal with the financial pressures. The merger to form a single institute on Shetland is nearing completion. We anticipate that in other parts of Scotland – and perhaps in our region - other such significant changes will be contemplated. It is important these changes are well supported both with strategic funding in their implementation but also by clear encouragement for change. SFC and the Government can help the process of change by bring clear on expectations and by entering into and encouraging dialogue on potential changes.