# Tertiary Education Provision in Highlands and Islands

**This paper, jointly authored by the Scottish Funding Council (SFC) and the University of the Highlands and Islands (UHI),** **sets out the opportunities emerging from SFC’s *Review of Coherent Provision and Sustainability* and how the new leadership at UHI will work with SFC to respond to the needs of learners and employers across the Highlands and Islands in these changing times.**

SFC expects to receive a response to the Review report and recommendations from Scottish Government Ministers shortly, which will then enable SFC to move forward with its implementation plan. This will necessarily include ongoing engagement with all key partners. In light of this we consider it is timely to share with COHI the key issues in the SFC review report, whilst recognising the status of the review at this point, to outline the current investment SFC makes to the region, and to highlight the key issues and opportunities for the Highlands and Islands and for UHI as the university that serves the region.

The recommendations flowing from the SFC review and the changes underway in the University of the Highlands and Islands should assist with several other agendas that are important to COHI. Clearly there is a link to economic recovery in the medium term as the review clearly outlines, and a strong, connected university that meets the needs of an increasing proportion of our learners within our region and is attracting others in can have an impact on population, sustainability and wellbeing. This would require SFC and UHI to continue close collaborative working with other key agencies in the region, particularly SDS and HIE and all academic partners.

**The Convention is invited to note this paper and discuss how the SFC Review and the new strategy at the University of the Highlands and Islands can help support the Convention’s aspirations for the region.**

## Background

SFC is the national strategic body for the funding of further and higher education and research, investing £1.9bn annually. It aims to create and sustain a world-leading system of tertiary education, research and innovation that changes lives for the better, enriches society and supports sustainable and inclusive economic growth.

Universities alone contribute £1.94 billion through the export of education, research and commercialisation, equating to a 2.4% share of Scotland’s exports. Our colleges also boost productivity for the Scottish economy by an estimated £55,000 for each of our 53,000 full-time college graduates over the long-term. Together, they create a pipeline of skills at every level and from all walks of life. They have global reach and they bring investment, talent and cultural diversity to Scotland.

Scotland’s colleges and universities are major national assets, driving local and national growth, catalysing ideas and innovation through research, educating and upskilling the workforce and contribute to addressing social and economic challenges. SFC is currently investing around £119 million this academic year 2021-22 within the Highlands and Islands for delivery of agreed outcomes in the region. This includes additional rural premiums of around £5.4 million in recognition of the particular support needed to sustain education and skills development in rural and remote communities.

SFC published its recommendations for the future of Scotland’s college and university system - ***Phase 3 Report: Coherence and Sustainability: A Review of Tertiary Education and Research*** – in June 2021. The review focuses on how the SFC and the sector can fulfil its mission of securing coherent provision in post-16 education. The background documentation and the reports from the three phases of the review can be found at: [Review of Coherent Provision and Sustainability (sfc.ac.uk)](http://www.sfc.ac.uk/review/review.aspx)

The SFC review report comes at a time when UHI is implementing a process of change, led by a new team. Professor Todd Walker took up the post of Principal and Vice Chancellor in February of this year, Alastair MacColl became chair of Court in August. Professor Walker is in the process of appointing a new senior management team. That team will implement a new strategic plan, ***Daring to be Different,*** *that* sets out a vision of becoming a connected, streamlined and sustainable university.

**SFC and UHI will continue to work together, and with other agencies, to ensure that the recommendations flowing from the SFC review will have maximum impact for the Highlands and Islands, its regions, communities and people. SFC will publish its implementation plan following the response from Ministers.**

## SFC Review of Coherent Provision and Sustainability

In June 2020, only three months into a global pandemic, Scottish Ministers invited SFC to review how best it could fulfil its mission of securing coherent provision by post-16 education bodies, and the undertaking of research in these changing times.

**Objectives for the review:**

* To consider how best to achieve coherence and sustainability in the delivery of further and higher education during the Covid-19 crisis, EU exit transition, and beyond, while maintaining and enhancing quality.
* To ensure the sectors can address the outcomes we need to achieve in Scotland.
* To propose changes needed to SFC’s funding, operations, and accountability frameworks in order to respond effectively to new challenges and opportunities.
* To provide advice, where appropriate, to Scottish Ministers on relevant changes to policy, funding and accountability frameworks for tertiary education and research in Scotland.

**The context for the review:**

This review provided an opportunity for everyone interested in the tertiary education, skills, research and innovation delivered through colleges and universities in Scotland to consider what the future could or should look like, to help the sectors achieve their ambitions at a time of great uncertainty. SFC adopted a collaborative approach, engaging early with key stakeholders, including students, those with specific interests across the sectors and with Government and its agencies.

## The final report of the review

SFC’s final review report sets out a suite of recommendations that builds on the strong foundations already in place to deliver for Scotland’s future economy and wellbeing but with a new framework to address the complexities of our current world. It is necessarily a suite of recommendations because there is no one-off, single solution. The focus is on designing a smart environment that can be flexible enough to respond to the partly unknown challenges that will face us in the next five, ten and twenty years. The aim is to create a coherent tertiary education, skills and research system that is more responsive to learners, and the economic, cultural and social needs, with all the players coming together in a holistic way to identify those needs at a regional and national level.

The final report makes recommendations for strategic and long-term system change where Scotland has a clear longer-term vision and intent for the future of tertiary education and research, ensuring the interests of students are protected and promoted and that the system remains responsive to Scotland’s future needs. Key to the changes recommended will be the introduction of a new overarching National Impact Framework for the sector with more explicit outcomes for students, research impact, economic and social renewal, and the climate emergency; and a correspondingly new, sharper-edged approach to accountability through renewed Outcome Agreements.

At the same time the report recognises that we are still working our way through the pandemic and the impact will ripple through for some years to come.  This means keeping some extraordinary measures and funding in place so that colleges and universities can play their full role in economic and social recovery.

### A new National Impact Framework

At the heart of the recommendations is a new **National Impact Framework (NIF)**that connects with Scotland’s National Performance Framework. This will set clear expectations across a range of requirements for funded institutions and will allow for better articulation of the vital role that colleges and universities play in economic and social growth in Scotland and inward and outward investment In practical terms, local authorities and partner agencies can expect to see within this Framework, clear expectations around engagement with regional partners, with institutions being expected to develop long-term collaborative relationships across a range of activities. This will require the effective use of labour market intelligence to align provision with regional economic needs, to ensure there is a pipeline of technically skilled people for key regional industries and that skills shortages are addressed. This builds on SFC’s current joint aspirations with SDS and the Enterprise and Skills Strategic Board (ESSB).

Future jobs in Scotland will require increasing and decreasing numbers of workers’ skills at different levels. In the SFC review report there is a commitment to aligning thinking on coherent provision of education and the skills supply with city, rural and regional partners to ensure a collaborative team approach to the needs and opportunities of Scotland’s diverse communities. It will be crucial for SFC to take a place-based approach in Highlands & Islands, recognising that in the case of UHI most of its coverage includes the most remote and rural parts of Scotland.

College and universities play a critical role in workforce planning across many sectors of the economy including the recent expansion of early learning and childcare provision, teacher education, doctors and the medical professions. Institutions have rapidly developed provision to meet identified skills gaps and ensure the future of a skilled workforce across all regions in Scotland.

To support this process SFC proposes to develop regional Tertiary Provision Pathfinders to explore what further needs to be done in very practical ways to make the education and skills system responsive, integrated and to support economic recovery and inclusive growth in each region. These will align with national training initiatives, such as apprenticeships, Young Persons Guarantee, National Transition Training Fund and Flexible Workforce Development Fund and will encompass our commitment to widening participation, linking into the Senior Phase of school and community learning and development.

Within this Framework SFC will also look to formalise the role of colleges and universities as anchor institutions, expecting them to act with agency and civic purpose to sustain and renew places and communities, and to play a key role in a creative, vibrant society, supporting public engagement. Institutions will be expected to support the resilience of local communities in responding to and aligning with local and national economic recovery plans, to develop clusters of innovative businesses and to enrich the cultural life of their local areas in partnership with other organisations. This will be critical to the health of the economy and the wellbeing of local communities.

Key to this will be the intensifying of employer engagement and associated investment and commitment to the development of shorter sharper courses underpinned by a national micro-credential framework & delivery plan.

Alongside this development of shorter, sharper courses, SFC will want to consider how its funding model can continue to support institutions deliver for school leavers and full-time learners while also recognising their vital role in providing lifelong learning opportunities.  In the short term this would require a review of the range of investment programmes that support upskilling, reskilling and economic recovery to ensure they are delivering and aligned to the Future Skills Action Plan. It also points to a review of the current activity and funding model for colleges which will allow them greater flexibility to be responsive in the tertiary space while recognising that any broader changes will require to be over a longer period.

The new approach will also expect institutions to manage the pipeline from research discovery to business application, engaging with businesses through enhanced collaborations and partnerships, co-developing improved ideas, products and processes, and leveraging R&D Roadmap and Industrial Strategy funds into Scotland through university and business collaborative bids.

Universities have played a key role in leveraging funding alongside local authorities through the City Region and Growth Deals. The UHI and its academic partners are involved in the Inverness City and Region Deal, the Moray Growth Deal, the Argyll and Bute Rural Growth Deal and the Islands Deal. The Innovation Centres, created by SFC and co-funded by SE and HIE, have been major contributors to this process. In our Review we propose relaunching innovation centres, moving to a more stable infrastructure relationship, and enhancing ways of connecting academia and business to work together to support regional economic growth. The review proposes re-commissioning the purposes of the Innovation Centre programme, agreeing outcomes in pursuit of green recovery, wellbeing, a just transition, and an entrepreneurial economy.

The SFC Review, alongside publications such as the Muscatelli report Driving Innovation in Scotland, The Cumberford-Little report One Tertiary System and Benny Higgins’ report Towards a Robust, Resilient Wellbeing Economy for Scotland’ should act as foundations for the economic transformation strategy. These (reports) identify ways in which the tertiary sector can maximise its contribution to driving Scotland’s economy. The following key SFC commitments will be central to Scotland’s economic future and ambition:

1. Invest in and promote an education-led recovery and long-term transformation.

2. Protect discovery research and harness the power of innovation to amplify the contributions of research and development to economic development and transformation.

3. Utilise the vast contribution of colleges and universities in achieving net-zero.

4. Enable and foster collective leadership across the education and skills system and beyond.

### The student experience

The quality of the student experience is at the core of the recommendations contained in the SFC review report. Widening access will remain a policy priority and to support the SFC review report recommends a new national schools programme to develop existing successful projects that act as a bridge between the Senior Phase at school and tertiary education into a recognisable, visible and coherent programme.  At the same time the review points to the need for a renewed focus on adult and community learning.

Given the move to online and blended learning over the period of the pandemic, a key priority will be to explore how to enhance the digital skills of educators so that they are equipped to develop and deliver high quality online and blended learning for students.  SFC is aware that UHI has been at the forefront of change in digital learning and will want to ensure the experience of UHI is taken on board.

To underpin its commitment to quality SFC recommends it moves to review the sectors’ quality assurance frameworks with a commitment to enhancement and creating the conditions to enable collaboration and the sharing of best practice.

## University of the Highlands and Islands context

Alongside its commitment to a new strategic plan, UHI is already moving forward to complete a curriculum review that will focus courses on the economic, cultural social and health needs of the region and make more available in more of the region. It will do this by dividing the curriculum - for both further and higher education – into three types and supporting each differently. These are:

* + **Regional Core** subjects at further and higher education level that are important to our region. These will be agreed collectively and delivered across the region in a common format. Much, but not all, of this will be delivered by blended means with the blend being appropriate to deliver successful student outcomes in an effective and efficient manner.
  + **Local** subjects to recognise genuine local variations and solutions that meet local demands.
  + **Attractor** subjects that bring in students from outwith our region. Usually, these will serve regional needs too.

Alongside this UHI will support the merger of three of its academic partners, Lews Castle College, North Highland College and West Highland College to form a new, dispersed rural and island college. Together with the recent merger to form Shetland UHI this will help simplify the structure of the university.

### UHI’s priorities in responding to the SFC review recommendations

The University is supportive of many of the directions signalled in the SFC review and will take them forward alongside the college end university sectors. There are some areas that are of very particular importance to the Highlands and Islands which the university wants to explore with SFC as a priority. These key areas in the review for the Highlands and islands and for UHI are:

**Tertiary funding**

UHI is a tertiary university – it teaches at every level of post school education. Apart from a small number our partners within UHI that deliver only higher education, most of our partners are tertiary in that they deliver the whole range of further and higher education from school college provision, to vocational college courses and apprenticeships to postgraduate qualifications. At the moment the way that SFC funds the university is through two different streams of funding with different premiums and different ways of counting students. The review recommends that UHI and SRUC pilots more integrated funding and target setting.

The University believes a more tertiary funding model could help it better serve students and the region by creating a simplified and more efficient system. It would want to put in place safeguards to ensure that it did not concentrate on one level of funding to the detriment of the other, something that is particularly important in this region as, for further education, there is no alternative provider.

As well as a single target, the university thinks it is important that the ways the provision is counted and the premiums that are attached to the two types of education are brought closer together.

**Rurality context**

If the intention is – as UHI thinks it should be – to move to a tertiary funding model for some institutions, the University thinks this needs to include funding for UHI’s specific rural context in both further and higher education. In addition to the necessary costs of delivering through a dispersed network of campuses, often with small cohorts of students, there are additional costs in our island areas. While UHI is changing to develop more efficient models of delivery and greater sharing of curriculum, it anticipates there will continue to be necessary additional costs. While there will be changes in how the University delivers in the future, we expect it will continue to need a dispersed set of campuses and smaller rural centres. It is important that SFC’s system of core funding and premiums recognises this.

**Supporting change in UHI**

The University and its academic partners are actively exploring the strategic collaboration of our remote rural and island partner colleges, to enhance the way they can serve our fragile rural and island communities who are most impacted post-Brexit and post-Covid. This includes the proposed merger of three of those academic partners to create a new college to serve our western and northern rural areas and the western isles. The University looks forward to working with SFC and the Government as this progresses. UHI considers it is important that SFC has the remit and resources to support transformational strategic change of this type and on this scale.

With regard to **research and knowledge exchange**, the University supports the review’s endorsement of mission-oriented approaches to research and knowledge exchange seeking clearer alignment with key societal challenges. It is also pleased that there will be a process of recommissioning Scotland’s research pools. On knowledge exchange, the commitment to ongoing investment through the University and College Innovation Funds is welcome and the knowledge exchange advisory board will provide further strategic direction to knowledge exchange across Scotland.

## Ask of COHI

**The Convention is invited to note this paper and discuss how the SFC Review and the new strategy at the University of the Highlands and Islands can help support the Convention’s aspirations for the region.**