



Scottish Funding Council  
Comhairle Maoineachaidh na h-Alba

## Review of Regional Strategic Bodies – University of the Highlands and Islands

**SFC Publication**

Issue Date: 20 October 2020

Cover photo credit: University of the Highlands and Islands

## Contents

Review of Regional Strategic Bodies – University of the Highlands and Islands .....	3
Introduction .....	3
Methodology .....	4
General background to RSBs .....	5
Specific background context to the Highlands and Islands.....	6
The University of the Highlands and Islands RSB .....	6
Background.....	7
Unique challenges .....	7
Regional Strategy.....	8
Summary of main conclusions.....	8
Detailed assessment.....	11
Planning provision within the region (right provision in the right place) .....	11
Funding allocations.....	13
Performance monitoring .....	13
Efficiency of the RSB, and its colleges (maximising efficiencies) .....	14
Consultation and collaboration .....	15
Recommendations.....	16
Next steps .....	18
Appendix A - List of consultees responding to the questionnaire .....	19
Appendix B - List of attendees at evidence sessions.....	20
External stakeholder organisations .....	20
Representatives of the assigned colleges .....	20
Representatives of UHI.....	20
Scottish Funding Council .....	21
Appendix C – Documents referenced in the review .....	22

# Review of Regional Strategic Bodies – University of the Highlands and Islands

## Introduction

1. In 2014 the Post-16 Education (Scotland) Act made the Court of the University of the Highlands and Islands (UHI) accountable for college and university level education in the Highlands and Islands. The Act made the UHI Court the Regional Strategic Body (RSB) with overarching responsibility for the planning and delivery of further education provision in the Highlands and Islands region via its network of assigned colleges. (UHI was already responsible for higher education.) At the same time the eight colleges of Inverness, Lews Castle, Moray, North Highland, Orkney, Perth, Shetland and West Highland were designated as assigned colleges. Argyll College was subsequently assigned in December 2018.
2. The UHI Court decided to create a specific committee – the Further Education Regional Board (FERB) – to provide a focus for its RSB responsibilities (although this structure has now changed). UHI became one of three RSBs in multi-college regions across Scotland<sup>1</sup>. SFC has a duty to assess and enhance the performance of RSBs<sup>2</sup> and since 2014 has worked closely with UHI.
3. Recent Audit Scotland reports have highlighted progress of each of the RSBs on meeting accountabilities and developing partnership arrangements in their respective regions. Specifically, the Audit Scotland report ‘Scotland’s Colleges 2018’<sup>3</sup> recommended that the Scottish Government and the Scottish Funding Council (SFC) should assess and publicly report on the extent to which RSBs are meeting the aims of regionalisation. SFC initiated a review process for the three RSBs in 2019.
4. This report is the summation of SFC’s assessment of the effectiveness of the Highlands and Islands RSB, UHI, in meeting its core statutory duties and wider aims of regionalisation. It also considers the extent to which governance structures and lines of accountability are clear and facilitate good working practices. Broadly, our assessment is based around the key responsibilities and themes outlined in the Further and Higher Education (Scotland) Act 2005. These five themes were central in the self-evaluation exercise, the written consultation with stakeholders and during discussions on the day SFC met with UHI and key stakeholders:

---

<sup>1</sup> The other Regional Strategic Bodies are the Glasgow Colleges’ Regional Board and the Lanarkshire Regional Board.

<sup>2</sup> S.13A of the Further & Higher Education (Scotland) Act 2005

<sup>3</sup> <https://www.audit-scotland.gov.uk/report/scotlands-colleges-2018>

- Planning provision within the region.
- Funding.
- Performance monitoring.
- Efficiency of the RSB, and its colleges.
- Consultation & collaboration.

## Methodology

5. UHI was asked to complete a self-evaluation of its performance in meeting its legislative duties and responsibilities. SFC provided a template to ensure consistency across the three reviews being undertaken. SFC asked that the RSB consider the self-evaluation prior to submission and that the final document should be copied to its assigned colleges. This self-evaluation has been published and can be found on the UHI website<sup>4</sup>.
6. At the same time SFC also contacted a range of stakeholders who were identified as central to the colleges' delivery of provision in the Highlands and Islands and asked them to respond on a range of questions to inform the review.
7. SFC considered the judgements and views presented in the self-evaluations alongside the initial responses from stakeholders. SFC also drew on the current knowledge and evidence it has from working alongside UHI in recent years as the fundable body in the Highlands and Islands. A key source of evidence was the UHI Regional Outcome Agreement which UHI has been responsible for delivering since 2014. SFC also drew on a range of planning and reporting documents issued by UHI.
8. SFC then arranged evidence sessions with UHI, and its key internal and external stakeholders, to discuss its self-evaluation and seek further evidence of the RSB's performance in delivering on regional aims and achievement to date and the impact of decisions taken. These sessions were held at UHI on 1 October 2019.
9. SFC also took account of any additional feedback submitted in the weeks following the evidence sessions up until the end of November.
10. Appendix A lists stakeholders who submitted evidence to the review of the Highlands and Islands Regional Strategic Body.
11. Appendix B lists those who attended the evidence sessions.
12. Appendix C lists additional documents which were used in the review.

---

<sup>4</sup> <https://www.uhi.ac.uk/en/t4-media/one-web/university/about-uhi/governance/court/regional-strategic-body-self-evaluation.pdf>

13. In undertaking and reporting on the review SFC acknowledges that the sector is operating in an environment that is complex, changing, and difficult to predict. In particular, there is now uncertainty in the wider context of the COVID-19 pandemic, public finances and the UK's future relationship with the European Union, alongside financial pressures from pay and pension contributions, demographic and migration changes, and increasing competition for students.

### **General background to RSBs**

14. The RSBs are bound by a Financial Memorandum with SFC, which sets out the relationships and accountabilities between SFC and the institutions it funds. Assigned colleges are funded by the RSBs and in turn are bound by a Financial Memorandum with the RSB which funds them. In both cases compliance with the Financial Memorandum is a condition of grant funding. SFC provides funding to the RSB for the delivery of the region's Outcome Agreement; it is then for the RSB to decide on how those funds should be allocated among the colleges.
15. Each RSB monitors its assigned colleges' financial performance and progress towards delivery of activity targets. SFC monitors the RSBs' performance through the Regional Outcome Agreement (ROA). The ROA sets out what the region will deliver in return for SFC core funding, and the RSB is accountable for that delivery. SFC regularly monitors RSBs' progress against activity targets and measures in the ROA.
16. There are a few areas where assigned colleges continue to report jointly to SFC and their RSB, because of practical considerations. An example of this is colleges' submission of monthly cash flow returns which inform payment of SFC grant, where time pressures are a constraint. Another example where SFC continues to liaise directly with assigned colleges is around activity data collection and the integrity of that data; this approach is more efficient than SFC engaging with RSBs.
17. RSBs can also provide a central point of contact for employers and other stakeholders (e.g. Community Planning Partnerships, Local Authorities, Skills Development Scotland) to engage at a regional level, rather than with individual colleges, thereby ensuring a coherent offering via a regionally responsive curriculum. However, we note that in Highlands and Island local relationships with colleges also continue across the eight Local Authorities in the area and the seven Community Planning Partnerships.
18. SFC recognises that to some extent geographic challenges will limit the curriculum efficiencies that can be realised in some regions. This is particularly true in Lanarkshire and the Highlands & Islands, but also to a lesser extent in Glasgow. There may be scope for regions to concentrate some specialised

provision on a single campus, or at one college, but it is important that further education provision is available locally within regions (this also applies to multi-campus colleges where those campuses are geographically dispersed).

## **Specific background context to the Highlands and Islands**

### ***The University of the Highlands and Islands RSB***

19. The University of the Highlands and Islands (UHI) model is different from the structures in the other two multi-college regions with RSBs, in that the UHI is also a University and its Court has the dual responsibility through the legislation for regional governance as well as governance of the University of the Highlands and Islands. Therefore the governance structures for the University are also those of the RSB.
20. The Further Education Regional Board (FERB) comprised: the Chair, Vice Principal FE of UHI; the Chairs of the nine assigned college partners<sup>5</sup>; Highlands & Islands Students' Association; a staff representative; and five independent members (a local authority Director of Education, a director of Highlands and Islands Enterprise, Skills Development Scotland, and two members with relevant experience of finance and business). The other partners providing FE are also invited to attend. Subsequently, the FERB has been replaced with the Regional Strategy Committee<sup>6</sup>.
21. SFC provides funding to UHI, as the RSB, for the delivery of the FE-related priorities outlined in the region's Outcome Agreement; it is then for the RSB to decide on how those funds should be allocated across the nine assigned colleges. The colleges work together to plan and deliver provision for the region. The Highland and Island college region comprises all or parts of the local authority areas of Argyll and Bute, North Ayrshire, Highland, Moray, Perth and Kinross, Orkney Island Council, Shetland Island Council and Comhairle nan Siar. The RSB monitors the performance of all 9 assigned colleges, and the FERB received and considered reports on the colleges.
22. The executive support and professional services required for the RSB are provided by UHI staff. The RSB's self-evaluation notes that operations of the RSB in relation to FE funding represents 0.7%- 0.9%<sup>7</sup> of the total funding allocation to the region (£46.7M in 2018-19). The direct costs of operating as a Regional Strategic Body include the salary costs of the Vice-Principal (FE), the chair of the FE Regional Board, direct administration support, Student

---

<sup>5</sup> The academic partners which are designated as assigned colleges are Argyll, Moray, Perth, Inverness, Lews Castle, North Highland, Shetland, Orkney and West Highland.

<sup>6</sup> <https://www.uhi.ac.uk/en/about-uhi/governance/court/committees/rsc/>

<sup>7</sup> The lower percentage includes National Bargaining funding in the denominator of the calculation

Information System administration, and incidental costs. These amounted to £247,000 in 2018-19. There is additional cost to the organisation of support and management time but these are not directly allocated to the RSB costs.

23. It should also be noted that these costs only relate to the RSB functions and do not include other UHI Executive Office and shared services costs.

### ***Background***

24. The Court of the University of Highlands and Islands (UHI) existed before regionalisation, but was established as the RSB in August 2014, when it was designated the RSB with academic partner colleges assigned to the RSB<sup>8</sup>. It secured operational fundable body status in April 2015. To carry out its regional body role, UHI established a committee of its Court, called the Further Education Regional Board (FERB). Nine colleges are assigned colleges of UHI:

- Five incorporated colleges: Inverness, Lews Castle, Moray, North Highland and Perth.
- Four non-incorporated colleges: Argyll, Orkney, Shetland and West Highland.

25. Colleges assigned to UHI are also academic partners of UHI for delivering higher education.

### ***Unique challenges***

26. SFC acknowledges that from 2014 the RSB has had a number of specific challenges to manage as it was establishing and operating the new regional governance arrangements. The UHI itself is a complex and unique institution, particularly from a governance and management perspective, comprising fourteen different organisations (the university itself and thirteen member colleges and specialist institutions (academic partners), collectively delivering a range of further and higher education and research. The university spans nine local authorities, two enterprise regions and seven health boards. The UHI achieved university title in February 2011 and has collectively developed and evolved structures to provide a quality and wide-ranging tertiary curriculum to learners across Highlands and Islands and beyond, as well as developing research capacity.
27. The financial sustainability of academic partners has placed demands on the UHI and in two instances resulted in section 22 appearances in the Scottish Parliament. This in part is a product of challenging recruitment contexts and management of college activity targets. While also influenced by the cost base

---

<sup>8</sup> Apart from Argyll College – which was assigned to UHI in December 2018

of the academic partners and the ongoing need to secure financial sustainability. UHI has worked to support the financial sustainability of partners since assuming the RSB role. Where particular challenges have arisen, the RSB has provided transitional funding to support a college in recovery, the offer of executive staff support or advanced funds where required.

28. With a view to securing the benefits of scale, increasing efficiency and creating a regional structure more resilient to financial challenge – the University has a history of undertaking restructure programmes. In assuming responsibility for the new regional governance arrangements the UHI has continued to evolve, as a complex tertiary institution required to serve the regional and local needs of people throughout the Highlands and Islands.
29. Historic initiatives to reform the region’s governance structures and secure financial sustainability and efficiencies have not managed to deliver the transformative impact envisaged. In 2014 and again in 2018 there were initiatives to integrate some of the partner colleges with the university.
30. The Assembly and Programme Board change programme has brought new energy and focus to tackling the governance, financial sustainability and efficiency issues, adopting a broad and more inclusive approach. The programme has moved into the implementation of recommendations phase and the successful transformation, strategic alignment and a more sustainable future is envisaged – with changes materialising – including the reform of the FERB committee and other University committees.

### ***Regional Strategy***

31. The University has a strategy covering 2015-2020<sup>9</sup> and this encompasses objectives for FE provision and students. The strategy aims to deliver for students, the region and key stakeholders in the Highlands and Islands. In our engagement with UHI and through the Assembly/ Programme Board change programme it has been noted that closer strategic alignment between the assigned colleges and the region is an area for improvement. This will be picked up in the new strategic plan which is currently being developed.

### **Summary of main conclusions**

32. Following SFC’s review it is our assessment that under the regional structure, the RSB (the University of the Highlands and Islands) is meeting the core statutory requirements and is making progress in meeting the wider aims of regionalisation. It has been able to evidence delivery on some of the added value expected as a result of regionalisation, however the ongoing governance

---

<sup>9</sup> [www.uhi.ac.uk/en/about-uhi/strategic-plan/](http://www.uhi.ac.uk/en/about-uhi/strategic-plan/)

and structure issues within the partnership along with the specific financial challenges of partners mean the full impact and benefit of wider aims of regionalisation are yet to be fully realised.

- A Regional Outcome Agreement (ROA) has been submitted by the University of Highlands and Islands and agreed with SFC from AY 2013-14 onwards. This outcome agreement has evolved into an integrated tertiary document, reflecting the tertiary basis of the offer and recognising the region's response to the SFC's expectations of both universities and colleges. Based on the evidence presented, and particularly over recent years, the RSB has had some success in moving towards more effective regional planning and delivery, although there is potential for further significant development. This suggests improvement of economic and social well-being as a result of regionalisation in Highlands and Islands – notably the increase in senior phase vocational pathways and high successful completion rates for full time FE students.
- Fundable body status was achieved at an early stage in UHI's RSB role, and UHI has agreed the allocation of resources to the nine colleges to deliver on their respective ROA commitments (including some transfer of credits to meet regional need) since 2015. However, evidence suggests that tensions exist around funding allocation decision making.
- The ROA has been monitored effectively on an annual basis, with self-evaluations confirmed and submitted by UHI.
- The executive and professional services required to support the RSB are provided by UHI and resourced through a top slice of the FE budget. This arrangement keeps costs relatively low – but has placed pressures on capacity. There is a clearly identified regional executive in place to support the governance arrangements and administrative requirements of the RSB.
- Although the RSB can evidence some success in establishing the necessary structures and regional initiatives, a more focused and strategic approach around curriculum and regional coherence will be required in future to fully deliver on its aspirations to maximise efficiencies in Highlands and Islands for the benefit of all students and stakeholders.
- There has been increased collaboration across Highlands and Islands on Foundation Apprenticeships (with SDS) and Developing the Young Workforce, which has impacted positively on the student experience,

and ensures parity of experience. There are examples of joint working across the region. There has been a strong focus on student engagement across the region as a result of the development of Highlands and Islands Students' Association (HISA) and the staff support.

33. Having taken account of all the evidence presented, it is SFC's view that the regional governance arrangements have been able to deliver regional benefits and added value for students and other stakeholders, including employers. That said, the RSB is yet to realise its full potential and deliver the significant wider aims of regionalisation, including curriculum planning, driving further regional coherence, strategic alignment and enhanced offers for students and stakeholders. This view concurs with that expressed in the Audit Scotland report Scotland's Colleges 2018<sup>10</sup>. "UHI has made good progress in meeting the wider aims of regionalisation. It has invested a lot of time and effort in building relationships between the assigned colleges, and establishing a more collaborative culture."
34. UHI's original mission as the first integrated tertiary education body in Scotland was ambitious and compelling. It has achieved a huge amount in ten years, and provides excellent blended, online learning and opportunities for people to access further and higher education in rural, remote and fragile areas. But its governance is complex and with the involvement of many governors and principals, its decision-making processes can seem territorial and, at times, disconnected from a focus on optimal outcomes for students and the efficient use of public funds.
35. There are legitimate costs associated with rural and remote education and training (recognised in the premium funds we deploy across rural, remote and island areas). However, the current structures and ways of organising the delivery of education across UHI are expensive and unwieldy at a time when public funds will become increasingly pressured, funding models will change and outcomes for learners and the Scottish economy will be paramount. When changes have been proposed in the past, either through mergers of academic partners or more vertically integrated models, they have not commanded support from all stakeholders. There has been strong representation from the student body that aligns with our assessment of the current arrangements.
36. At the time of writing colleges are exploring with UHI options for possible mergers of partner colleges. We recommend UHI considers consolidation, shared services, recalibrated roles and responsibilities, and options to ensure it survives and thrives, and gets closer to the original mission of a more fully integrated tertiary institution. In all options it will be vitally important to

---

<sup>10</sup> <https://www.audit-scotland.gov.uk/report/scotlands-colleges-2018>

preserve local presence and reach, as well as good further education, while streamlining governance and decision-making, securing greater curriculum coherence, and seeking more efficient modes of delivering provision that streamline management costs and support front-facing services, courses and opportunities for students and local communities.

### **Detailed assessment**

37. As part of the self-evaluation SFC set out a series of questions consistent with the relevant sections of the Act which were designed to capture detail of activity but also to identify the structures and processes underpinning progress and the extent to which these are supporting RSBs to fulfil their statutory responsibilities.

### ***Planning provision within the region (right provision in the right place)***

38. The evidence presented in the self-evaluation, and also evident in the AY 2019-20 UHI Regional Outcome Agreement (ROA), confirms that the Highland and Islands colleges undertake a comprehensive analysis of labour market intelligence to ensure that they plan effectively and provision meets national, regional and local employer needs. The main sources of intelligence are the Regional Skills Assessments (RSAs), Skills Investment Plans (SIPs) relating to specific industries, and national labour market analysis databases. This is reconciled with locally generated employer information to which each college has access. This intelligence is shared and discussed throughout the year by senior staff from each college as part of the ROA process. A single unified Regional Context Statement is provided in the ROA. The Highlands and Islands Skills Investment Steering Group is a forum where alignment of provision with industry need is reviewed throughout the year.
39. The Workbased learning Hub provides a pivotal central role in the coordination and contracting of apprenticeships. The RSB acknowledges in its self-evaluation that greater progress can be made in curriculum review. This would contribute to greater demonstration of how this information is used to plan the right provision in the right place across the Region.
40. The evidence SFC heard from stakeholders on the day of the review visit suggested that although each of the colleges are responsive to local employer needs in planning their own provision, they did not perceive there to be coherent pan-regional planning. Stakeholders noted that the University had recruited a Vice Principal to lead on sector initiatives, including engineering and the regional response to growth deals. This new post was delivering gains in coordinating the partnership response. Stakeholders confirmed that they continue to have relationships with local colleges.

41. It was suggested by some stakeholders that each of the Local Authority areas have quite specific needs, and therefore local consultation on delivery and the regional outcome agreement is undertaken by partner colleges. Local planning continues to play an important part in delivery.
42. The RSB's self-evaluation concluded that the potential for movement of students between the colleges was limited, although partners had identified benefits in sub-regional planning for provision. Historically the majority of networked provision in the Highlands and Islands has been at higher education level. Scope to develop the networking of further education was considered to be important in certain curriculum areas, notably foundation apprenticeships, to ensure viability for small cohort provision. It was also noted that the development of networked further education provision would require investment and staff resource.
43. SFC is aware through the ROA that each college responds effectively to local skills needs through reviewing and adapting their curriculum. The ROA clearly states the region's commitment to widening access and equalities. Recognising the low populations of MD10 and datazones in the highlands and islands, the region's colleges nonetheless have effective engagement with learners from the most deprived communities and have ambitions to grow this further. The proportion of the population from the 10% most deprived postcode areas (SIMD 10) is 3.7%. Colleges have in place the required supporting strategies including Access and Inclusion, Equalities, Mental Health and Wellbeing, Developing the Young Workforce and a Gender Action Plan.
44. As part of the refresh of the Highlands and Islands Skills Investment Plan the region is committed to respond to key sector skills needs and align curriculum to employer need.
  - **SFC conclusion: A Regional Outcome Agreement (ROA) has been submitted by the University of Highlands and Islands and agreed with SFC from AY 2013-14 onwards. This outcome agreement has evolved into an integrated document, reflecting the tertiary basis of the offer and recognising the region's response to SFC's expectations of both universities and colleges. Based on the evidence presented, and particularly over recent years, the RSB has had some success in moving towards more effective regional planning and delivery, although there is potential for further significant development. This suggests improvement of economic and social well-being as a result of regionalisation in Highlands and Islands – notably the increase in senior phase vocational pathways and high successful completion rates for full time FE students.**

### ***Funding allocations***

45. Fundable body status was achieved in April 2015. It is now the role of the RSB in Highlands and Islands to ensure the appropriate funding for each of the colleges. The UHI has agreed the allocation of resources to the colleges to deliver on their respective ROA commitments since 2015. Credit targets are set by SFC at a regional level. There are clear and robust targets set for all national and local priorities for the region, and these are monitored and reported via both RSB and college committees. A Regional Finance Directors Group meets regularly to discuss financial monitoring and planning issues.
46. The RSB has shown that it is able to reallocate resources strategically. In executing this role, FERB utilised some of its levers to re-allocate activity within the region. For example in AY 2017-18 credits were transferred from Lews Castle College to Inverness, Shetland and West Highland Colleges. FERB has also overseen the phased transition of rural and remoteness funding to areas of greatest need (away from the urban colleges). In undertaking this role there have been challenges to the RSB from some partners concerning the allocation of funding.
  - **SFC conclusion: Fundable body status was achieved at an early stage in UHI's RSB role, and UHI has agreed the allocation of resources to the nine colleges to deliver on their respective ROA commitments (including some transfer of credits to meet regional need) since 2015. However, evidence suggests that tensions exist around funding allocation decision making.**

### ***Performance monitoring***

47. UHI has developed performance monitoring arrangements to strengthen the accountability of its assigned colleges. The VP FE monitors credit activity levels in partner colleges on a real time basis. And UHI Audit and Finance and General Purposes committee review the performance of the individual colleges across a range of measures. UHI oversees a risk assurance framework for the colleges – drawing from finance and other indicators.
48. The RSB works alongside Education Scotland, taking account of its *How Good is our College*<sup>11</sup> framework. By having a central point of contact for quality assurance, the RSB is able to pull together the quality enhancement reports for the individual colleges. Through the Evaluative Report and Enhancement Plan process with Education Scotland in AY 18-19 there was only one satisfactory grade out of 27 grades, the remainder were graded either good, very good or excellent.

---

<sup>11</sup> [http://www.sfc.ac.uk/web/FILES/Quality/SFC\\_Education\\_Scotland\\_Quality\\_Arrangements\\_in\\_colleges.pdf](http://www.sfc.ac.uk/web/FILES/Quality/SFC_Education_Scotland_Quality_Arrangements_in_colleges.pdf)

- **SFC conclusion: Delivery of the ROA priorities has been monitored effectively on an annual basis, with self-evaluations confirmed and submitted by UHI.**

***Efficiency of the RSB, and its colleges (maximising efficiencies)***

49. From 2012 until the establishment of the RSB in 2014 the colleges in Highlands and Islands worked together in a positive, effective and efficient way to produce the UHI Regional Outcome Agreement. The first Outcome Agreement negotiated with the new regional structures in place was the ROA for AY2015-16. The colleges in Highlands and Islands continued to work together, taking a joined- up approach, where they each brought their own responses and priorities to the process.
50. The RSB's self-evaluation notes that operations of the RSB in relation to FE funding represents 0.7%- 0.9%<sup>12</sup> of the total funding allocation to the region. (These costs solely relate to UHI's regional governance function and do not reflect the wider costs of other UHI Executive Office and shared services.) The self-evaluation highlighted that the costs of supporting the RSB in its duties are not large, although there was a view echoed in the meeting session that additional resource would enable more transformative regional activities – including around curriculum development. The suggestion was that equivalent levels of investment, from which the HE networked provision has benefited, could have a significant impact on the networking and development of the regional FE offer.
51. The additional evidence we heard from stakeholders indicated that governance arrangements can be complicated and securing consensus around funding decisions was often challenging. The Assembly/Programme Board is looking to strengthen governance arrangements moving forward. There has been a considerable effort from the RSB, particularly under the Interim Principal, to recast the relationship of the RSB and University with the academic partners.
52. The colleges have collaborated on the development of single regional policies for a number of student facing activities including admissions, disciplinary and complaints. Regional application system exists for HE, and similar arrangements are being developed for FE.
53. Attempts to secure efficiencies through shared services have proved difficult to deliver, in part due to VAT complications. This is being approached with renewed vigour under the Assembly/Programme Board to consider HR and Finance functions.

---

<sup>12</sup> The lower percentage includes National Bargaining funding in the denominator of the calculation

54. During the review SFC heard evidence from external stakeholders to suggest that they were aware of regional efficiencies that were impacting positively on students or stakeholders more widely.
55. As assigned colleges, the nine academic partners are required to report to the RSB on their effective and efficient operations.
56. The investment in a dedicated VP FE and a small regional team has provided direction and leadership to the RSB and complimented the non-Exec work of the FERB. It has enabled the RSB to operate effectively with independence of decision making.
  - **SFC conclusion: The executive and professional services required to support the RSB are provided by UHI and resourced through a top slice of the FE budget. This arrangement keeps costs relatively low – but has placed pressures on capacity. There is a clearly identified regional executive in place to support the governance arrangements and administrative requirements of the RSB.**

**Although the RSB can evidence some success in establishing the necessary structures and regional initiatives, a more focused and strategic approach around curriculum and regional coherence will be required in future to fully deliver on its aspirations to maximise efficiencies in the Highlands and Islands for the benefit of all students and stakeholders.**

### ***Consultation and collaboration***

57. During the review SFC received evidence to confirm that the region has strong formal and informal relationships with its Students' Association - HISA. It should be noted that HISA operates across the partnership covering FE and HE students. HISA is engaged in university committees and Court, FERB and is consulted on the development of the UHI Regional Outcome Agreement. The Students' Association has been working to progress work around Mental Health and to support students across the Region.
58. Greater regional coherence in student orientated policies has been promoted through the Single Policy Environment Project since AY 2018-19. The intention is to build capacity and standardise policies between partner colleges, and involve colleagues in regional collaboration to create a policy framework for FE – reducing duplication and inefficiencies (for example multiple Equality Impact Assessments and variance in policies and procedures)
59. The colleges in the Highlands and Islands have strong and effective relationships with schools, employers and local authorities. Each also has a range of stakeholders who they consult with regularly on their individual plans.

It is unclear if all local stakeholders were clear on the position of FERB – and this was evident in some stakeholder consultation responses – which do not distinguish between FE and University activity. Colleges have structures in place for engaging with staff unions. Colleges aim to reduce any duplication in their relationships with key stakeholders and have taken steps to agree to regional positions (for example the funding submission to the National Manufacturing Institute for Scotland).

60. At an operational level, the regional arrangements are currently reliant on the small executive team, but with significant support from university colleagues, including in the areas of governance, communications, IT and student records. The self-evaluation described specific collaborative progress on cross region discussions around specific activity such as the Workbased Learning Hub, Regional Attainment Strategy and responses to the emerging Growth Deals.
- **SFC conclusion: There has been increased collaboration across Highlands and Islands on Foundation Apprenticeships (with SDS) and Developing the Young Workforce, which has impacted positively on the student experience, and ensures parity of experience. There are examples of joint working across the region. There has been a strong focus on student engagement across the region as a result of the development of HISA and the staff support.**

## **Recommendations**

61. In concluding this report SFC considers the areas of work to build on and what improvement actions might be required and feasible for UHI to implement in future to ensure it can build on strengths and address some of the areas for further development outlined in this report. This also acknowledges the current developments and reform underway within UHI which have significance for UHI as the RSB in future to deliver enhanced and sustainable benefits of regionalisation.
- 1. Deliver greater alignment of strategic planning**
62. Given the geographical spread of the colleges there is scope for UHI to take more account of local, place-based responses and strategies across partner colleges and ensure that these are reflected in a more coherent and responsive approach to the regional strategy.

**2. Implement the recommendations flowing from the Assembly/Programme Board project**

63. Delivering the recommendations of the Assembly/Programme Board project the RSB should progress actions to secure efficiencies and plan for the long-term sustainability of partners.

**3. Continue to make progress with a regional approach to curriculum review and planning**

64. Build on the good progress that has been made on joint curriculum planning and review at FE level and on a shared portfolio for senior phase students to ensure a strategic regional planning approach with partner colleges. Continue to utilise the full range of labour market information and intelligence available to ensure provision meets demand across the region.

**4. Consider mergers, shared services, recalibrated roles and responsibilities, and options to ensure UHI survives and thrives, and gets closer to the original mission of a more fully integrated tertiary institution**

65. UHI's original mission as the first integrated tertiary education body in Scotland was ambitious and compelling. It has achieved a huge amount in ten years, and provides excellent blended, online learning and opportunities for people to access further and higher education in rural, remote and fragile areas. But its governance is complex and with the involvement of many governors and principals, its decision-making processes can seem territorial and, at times, disconnected from a focus on optimal outcomes for students and the efficient use of public funds.
66. There are legitimate costs associated with rural and remote education and training (recognised in the premium funds we deploy across rural, remote and island areas). However, the current structures and ways of organising the delivery of education across UHI are expensive and unwieldy at a time when public funds will become increasingly pressured, funding models will change and outcomes for learners and the Scottish economy will be paramount. When changes have been proposed in the past, either through mergers of academic partners or more vertically integrated models, they have not commanded support from all stakeholders. There has been strong representation from the student body that aligns with our assessment of the current arrangements.
67. At the time of writing colleges are exploring with UHI options for possible mergers of partner colleges. We recommend UHI considers consolidation, shared services, recalibrated roles and responsibilities, and options to ensure it survives and thrives, and gets closer to the original mission of a more fully integrated tertiary institution. In all options it will be vitally important to

preserve local presence and reach, as well as good further education, while streamlining governance and decision-making, securing greater curriculum coherence, and seeking more efficient modes of delivering provision that streamline management costs and support front-facing services, courses and opportunities for students and local communities.

### **Next steps**

68. SFC wants to be assured that UHI is responding appropriately to the outcomes of the review. Once UHI has had an opportunity to consider the outcome of the review, SFC will seek further dialogue with senior officials of UHI. SFC will also offer appropriate guidance and support to UHI prior to any significant change being implemented.

## **Appendix A - List of consultees responding to the questionnaire**

- Argyll & Bute Council.
- EIS.
- HISA.
- Orkney Islands Council.
- Perth and Kinross Council.
- Skills Development Scotland.

## **Appendix B - List of attendees at evidence sessions**

### **External stakeholder organisations**

- Highland & Islands Enterprise (Morven Cameron).
- Independent member of Regional Board (Bruce Robertson OBE).
- Skills Development Scotland (Stephen Sheridan).

### **Representatives of the assigned colleges**

- Susan Berry, Acting Principal, Shetland College.
- Jess Borley, Quality Manager, Perth College.
- Anne Bremner, Director of Learning, Teaching and Quality, North Highland College.
- Fiona Grant, Assistant Principal, West Highland College .
- Eddie Abbot Halpin, Principal, Orkney College.
- Roddy Henry, Depute Principal (Planning and Student Experience), Inverness College.
- Martin Jones, Principal, Argyll College.
- Elaine Munro, Depute Principal, Argyll College.
- Lydia Rohmer, Principal, West Highland College.
- Christine Scott, Business Manager, Orkney College.
- Nikki Yoxall, Director of Learning and Teaching, Moray College.

### **Representatives of UHI**

- Garry Coutts, UHI Chair.
- Professor Crichton Lang, Principal & Vice Chancellor, UHI.
- Michael Foxley, FERB Chair.
- Susan Berry, Acting Principal, Shetland College UHI.
- Jess Borley, Quality Manager, Perth College UHI.
- Eddie Abbott Halpin, Principal - Orkney College UHI.
- Roddy Henry, Depute Principal Planning & Student Experience, Inverness College UHI.
- Martin Jones, Principal, Argyll College.
- Fiona Larg, Chief Operating Officer and Secretary, UHI.
- Niall McArthur, Director of Corporate Resources, UHI.
- Rosemary McCormack, Head of Curriculum, Moray College UHI.
- Diane Rawlinson, Vice Principal Further Education, UHI.
- Bruce Robertson OBE, Independent Member of FE Regional Board.
- Lydia Rohmer, Principal, West Highland College UHI.
- Alan Simpson, HISA President.
- Nikki Yoxall, Director of Learning and Teaching, Moray College UHI.

## **Scottish Funding Council**

- Martin Fairbairn, Chief Operating Officer.
- Wilma MacDonald, Financial Analyst.
- Seamus Spencer, Assistant Director.
- Caroline Stuart.
- Paul Travers, Senior Policy Officer.

## **Appendix C – Documents referenced in the review**

UHI Strategy 2015-2020.

UHI Regional Outcome Agreement AY2018-19 and AY2019-20.

Audit Scotland Report 2018.

Public Audit and Post-legislative Scrutiny Committee – June 2018 and December 2018.