

University of the Highlands and Islands

1. Supplementary information following ECYP 18th June 2025

The following information has been provided by UHI to provide further clarification on points raised during the Education Children and Young People Committee Evidence Session held on Wednesday 18th June 2025.

2. Regional Strategic Body / Funding mechanisms

In accordance with existing academic partnership agreements, the University is entitled to retain such sums as are reasonably necessary in respect of the cost of providing RSB / Partnership / University services from funding received from the Scottish Funding Council. UHI is not, without the consent of the Academic Partners, entitled to retain in any academic year a sum in excess of 35% of the Higher Education funding allocation to the Academic Partner for that Academic Year.

This mechanism is often referred to as the **top slice**. UHI consider that this legacy mechanism is no longer fit for purpose, particularly, since designation as a Regional Strategic Body. It is intended to change this mechanism as part of the new operating model which is currently being scoped, with a full business case due to be submitted to the Scottish Funding Council in December 2025. The funding mechanism underpins a significant number of University, Partnership and RSB services. The University does not receive any funding for the functions it performs as the RSB. Whilst the current “top slice” arrangement provides an established mechanism for the UHI partnership to share central service costs it does present challenges.

<u>Function</u>	<u>RSB/University and partnership support</u>	<u>Executive Office - academic delivery and research functions</u>	<u>Executive Office - corporate services</u>
Senior Executive Team	University and RSB Leadership		
Strategy, People & Culture	Strategy development Communications HR, Equality, diversity and inclusion		Human resources and organisational development Equality, diversity and inclusion Communications
Governance	Governance Legal Services Sustainability		Governance Legal services
Physical and digital infrastructure	Digital infrastructure Estates, facilities, Residences		Digital infrastructure Estates, facilities, procurement Health & Safety, Residences
Academic and Research	Faculty leadership Learning and teaching Student services Research and knowledge exchange	Centre for rural health science (nursing, optometry and rural health research) Bio medical and life sciences Language sciences institute Centre for history	
Economic Development and Advancement	Economic Development Advancement		
Finance	Finance Grants and contracts Internal audit and risk management Transformation		Finance Business planning
Student recruitment and growth	Student marketing and recruitment Admissions Student records, data reporting and MIS Further education and skills planning		

Table 1: University/RSB/Partnership functions

The top slice is utilised by the university to deliver a number of core functions and services that directly benefit the partners. Table 1 above gives an overview of the current functions.

In addition, it is worth noting that the “top slice” is not a tax paid by academic partners for the benefit of the University, it is to fund RSB/ University and Partnership services in the same way that a more traditionally structured University would have central overhead costs, however UHI have collectively identified that between all academic partners there is the opportunity to reduce duplication (where it exists) and make the UHI partnership more effective and efficient.

Following discussions at committee, it was noted that further supplementary information would be provided on the composition of the topslice. The calculation is made up of three components. Firstly there is an historic fixed sum of £346k in respect of the Regional Strategic Body, secondly a topslice of 20% of the Research Excellence Grant which for 2025/26 is estimated to be £582k and thirdly 35% of the actual delivery of HE Teaching Grant which for budget estimates for 2025/26 equates to £14.132m based on an estimated 4,843 FTE students, thus giving a total of £15.1m.

The actual level of topslice taken is based on actual delivery of HE undergraduate provision. Given UHI’s recent under delivery against funded and planned HE numbers the topslice has been reduced to reflect actual delivery. Academic delivery within Executive Office (EO) is subject to the same topslice arrangements as for other Academic Partners.

As outlined above, the topslice is an outdated and legacy mechanism that will be reviewed as part of the move to a new operating model. This will highlight any duplication in UHI, Executive Office and also academic partners, including using sector benchmark data across all major KPIs to ensure that best practice performance is achieved. Since the end of academic year 21/22, the EO staff cost base will have reduced from 309 FTEs (reported in 21/22 statutory accounts), to an indicative 254 FTEs at the end of 24/25 (down 18%), with an estimated saving of £5m on staff costs. EO, alongside all academic partners is continuing to review operations to understand how we can collectively respond to the significant funding challenges within the sector.

3. Transformation

UHI has made significant impact on its transformation agenda, following the launch of the 2030 strategy in June 2023. During the 24/25 academic year, UHI has taken significant and unprecedented steps to agree a path to identifying and implementing a new operating model and potentially, different constitutional arrangements, with a Full Business Case due to be delivered to the SFC/SG in December 25. For the first time, UHI has:

- Developed and agreed an extensive Outline Business Case (OBC) that sets out the strategic framework, parameters for transformation and provided for a robust objective financial baseline and projections for UHI in its current form. The OBC has been published.
- Delivered a coordinated and locally led engagement process across all staff, and externally, to test the strategic parameters set. During the phase one engagement we held 19 locally led staff engagement sessions with 42% of our staff attending one or more of those sessions. The online survey elicited 551 responses from across our major stakeholder groups and almost 1,500 text-based responses. This report is now published.
- A Trade Union Forum has also been established. Trade Unions will be invited to attend Transformation governance meetings and are also represented on University Court.
- Fostered further collaborative working arrangements across UHI Chairs, Principals and senior executives that has allowed for transformation discussions to be held.

- Secured £1.45m of funding from the SFC to take forward the programme of change through the next academic year.
- Collaboratively modelled numerous options for change, both in respect of our constitutional and operational arrangements.
- Developed a robust programme infrastructure to manage large scale change that is led by senior executives and involves governors drawn from across the partnership.
- Invested in both the internal staffing and consultancy support to provide the capacity and expertise to deliver a full business case and begin to implement substantive change to our arrangements.
- Provided a functional description of EO activities that has now been mapped alongside academic partner functional delivery.
- Gathered and analysed significant staffing and financial data from across the partnership.
- Successfully delivered a new admissions “front-end” for students improving the ease and accessibility of our application process across all partners.
- Identified and agreed four “pathfinder projects”, areas for immediate delivery as the first stage to implementing new integrated arrangements.
- Implemented significant savings across the partnership and significantly in EO.

4. University and RSB Governance including participation of UHI Academic Partners

The composition of the University Court/RSB is specifically designed to reflect the communities we serve and includes an independent chair and an independent FE regional lead as shown below. The composition of Court is a legacy position and is a protected Article within UHI’s constitution that cannot be amended without Privy Council consent and a special resolution.

As stated, it is the intention that the membership of Court and its committees will be reviewed as part of the move towards a new operating model, once the final preferred model has been agreed. The current composition is listed below

- 1 independent Chair – elected as per Higher Education Gov Act
- 7 independent members – appointed by Nominations Committee (open recruitment)
- 1 Local Authority Chief Executive Officer
- 1 independent member recommended by Highlands and Islands Enterprise
- 1 Further Education Regional Lead – independent expert knowledge and experience of FE
- 2 Academic Partner Chairs
- UHI Rector – elected by University Foundation (Stakeholders)
- Principal and Vice Chancellor - Ex Officio
- 2 Staff Governors - elected by staff
- 2 Student Governors – elected by students
- 2 Trade Union Governors (currently UCU and EIS-FELA)

The Court has a majority of independent members as per best practice. Two academic partner chairs serve the Court/RSB. However, all academic partner chairs are involved in the UHI governance assurance model through being members of the Partnership Forum (a formal committee of Court), and Academic Partner chairs who do not sit on University Court are invited to attend Court meetings on a rotation basis. There are also regular 1:1 meetings between Academic Partner Chairs and the Chair of Court. Partnership Forum evolved from the original FE

Regional Board (FERB), and includes the independent FE Regional lead role. The change of format was agreed by University Court. There is also significant collaboration and cross partnership working on a daily basis at all levels.

5. Tertiary Student recruitment

UHI has 36,000 students spread across FE and HE.

Further Education

- UHI has already surpassed its SFC credit threshold of 101,632 credits and is forecasting to reach almost 104,000 credits by the end of the year, exceeding our teaching funding by over 2,000 credits, despite having to significantly reduce teaching capacity.
- In addition to this, at the time that 2024-25 funding allocations were originally confirmed UHI had projected approximately 12,000 credits of suppressed demand that we have not been able to deliver, equivalent to almost 500,000 learning hours, and which would have led to similar credit levels to 2022-23 (circa 116,000 credits), after which UHI's continued FE growth after our previous pandemic recovery was stalled due to funding restrictions.
- 2024-25 schools credits have fallen by 5,000 credits compared to the previous year due to restricted funding and requirements to bring provision in line with the rest of the sector.

2025-26

- End-May FE applications are up compared to the same time last year. However, conversion to accepted applications, offers and enrolments will be significantly impacted by credit funding restrictions, with some applications already being declined due to restricted capacity and/or full cohorts.
- Suppressed Demand: Although the combination of continued rising costs and flat-cash teaching funding have further impacted UHI's FE teaching capacity, as recently as the end of May UHI was still projecting the potential to deliver an additional 9,000 credits in 2025-26 over and above our funded credits, 65% of which was in full-time provision. This does not include the further suppressed demand for which UHI had already lost the window and/or capacity to deliver.
- There is simply not enough funding available to meet demand for FE provision across our region to meet the replacement skills needs of existing sector workforces, let alone plan to meet the significant additional needs associated with emerging sectors. Courses and/or cohorts have been removed, applicants turned away, and staff levels reduced. HIE have estimated a £1bn of economic growth an investment in the UHI regions over the next few years and UHI needs the credit funding to be able to deliver this
- Rural, remote and island provision: For UHI partners in our most rural, remote and island communities where the cost of delivery is even greater, the current flat-cash position is now threatening the viability of FE provision.
- Distant Islands allowance: This is a £780,000 unfunded burden for UHI, unlike other public agencies such as NHS and Local Government funding has not been made available and continues to be a major and unfunded pressure.
- For Modern Apprenticeships, employers in some sectors are currently experiencing challenges recruiting to vacancies and/or struggling with staff capacity to support apprentices, which is impacting on UHI's ability to progress new starts in some instances.

Higher Education

- UHI currently has approximately 10,500 to 11,000 HE enrolments every year, around 55% of which are in full-time study .
- 75% of all HE FTE is in full-time undergraduate study, 15% in part-time undergraduate, and the remaining 10% in post-graduate study.
- Typically 40-45% of HE FTE is in SCQF level 7 provision, and the majority of this is in HNs.
- Whilst UHI experienced a serious post pandemic decline across a range of traditionally higher volume full-time undergraduate programmes, part-recovery towards previous FTE levels in the last two years has been driven by Graduate Apprenticeship and TNE provision, alongside strong performance in areas such as our criminology degree, HN counselling and optometry.
- Dedicated resources have been put in place within UHI within the last 12 months to drive student recruitment forward as part of UHI's growth strategy.
- As mentioned in committee, UHI is currently in the middle of finalising HE recruitment figures, reviewing application data and enrolment numbers and the picture changes rapidly, especially in light of the automatic UCAS decline by default deadline. As such, UHI's total FTE for 2024-25 sits around 6,500 (including SFC funded and non-funded). For SFC funded non-controlled FTE we are currently at 4,805 FTE, but as outlined at committee we are hoping for a higher figure. For controlled subjects, UHI is currently at just over 450 FTE, with a significant rise in nursing applications.
- For 2025-26: UHI is currently showing an 18% increase across all active applications compared to the same time last year. We are currently working with UHI Academic Partners to confirm their forecasting predictions and confirm total numbers for the planning process. UHI is pleased to see the initial increase in applications for students wishing to study at UHI and this position will continue to change over the next 2/3 months. Numbers will not be able to be fully confirmed until the end of the recruitment cycle.