Introduction

The University of the Highlands and Islands continues to work with the higher education sector in Scotland and Highlands and Islands organisations to prepare for possible scenarios emerging from the Article 50 negotiations – contributing to the debate where possible, analysing potential impacts as new information becomes available and considering options as a result of this analysis.

The wider context for the university’s engagement in this area was set out in response to the Committee’s previous call for evidence; our views on the current impact of the Article 50 negotiations, in response to the questions posed, are as follows:

What impact the Article 50 negotiations have had upon your business / organisation to date?

The university has undertaken extensive analysis of the changing dynamic throughout the Article 50 negotiations. One of the major factors to date has been the uncertainty surrounding future policies and funding to replace current EU access, leading to hesitation and, in some cases, aversion to engaging in actions perceived to be at high risk, as well as a lack of clarity for future planning.

Our numbers of EU students and staff are relatively low – however their impact on the individual Academic Partners in the UHI network is disproportionately high, helping to establish and promote the new institution’s internationalisation. There are further concerns emerging over the impact on recruitment and retention of current and future EU students and staff, with confusion and uncertainty having a detrimental effect.

The university has worked closely with a wide range of EU higher education institutions, some over decades. Whilst many still state that their intention is to continue to work with us, irrespective of the final outcome of Article 50 negotiations, some are becoming hesitant about future collaboration. We have had one example of a research partnership where UHI had been the proposed lead applicant negotiations, however, in response to continuing Article 50 uncertainty, the partnership agreed that the chances of a successful application were greater with a non-UK lead, albeit UHI is still in the partnership. This is understandable in the highly competitive process of many EU programme applications – but is a worry for future collaboration, even if access to some programmes is eventually agreed.

Many of our transnational partnerships have been funded through European Territorial Cooperation, particularly the Northern Periphery & Arctic and INTERREG VA Cross Border programmes. There is great uncertainty surrounding future access to such programmes, which has lead, in some cases, to a hesitation among UHI staff to take the risk of joining future project developments. Current projects have been subject to uncertainty around funding and regulations after Brexit day.
At EU level, negotiations over the design, content and funding of programmes for the 2021-27 period are well underway. As the UK remains a member state at this point, technically, we have taken the opportunity to feed into consultations for the new programmes where possible – primarily through Scotland Europa, the Horizon 2020 Stakeholder Forum and the INTERREG Support Group. It is not clear how much influence such contributions may have, which could lead to further detriment. For example, one of the points we have proposed for the new Horizon Europe programme is for a greater role for a place-based approach and greater synergy with regional policy. Whilst this point may feature if responses from organisations in other member states make a similar case, it is by no means certain – therefore in the case where we do maintain access to the new programme post Brexit, it is by no means certain that the rules will allow the kind of participation that we might wish. There are similar examples in the development of research priorities for the new programme, which have even greater implications for Scottish higher education institutions.

Perhaps the greatest uncertainty, and cause for concern, is the lack of information on future regional policy and funding following the Article 50 negotiations. The scale of investment of previous EU structural funds has had a transformational impact on the development of the university itself – and continues to do so in the current ESIF programmes. Current planning for delivery of ESF and ERDF activities at the university have been affected by the changing requirements and pressures caused by Article 50, imposing different timescales and creating ambiguities around compliance.

Changing requirements have also impacted resourcing for current delivery of projects across the Highlands and Islands, contributing to difficulties achieving N+2 targets.

Planning for regional policy post 2020 is of great concern. The entire region has seen transformational change through subsequent structural funds programmes, providing a platform for sustainable economic development and changes to policy will have a significant impact.

What preparations, if any, are being made by your business / organisation for the range of scenarios which may result from the Article 50 negotiations?

i) Detailed study of Article 50 negotiations and any new information as it becomes available. Together with analysis of current and planned EU funding applications, regular internal Brexit updates are prepared and considered by Senior Management and at relevant Committees. Where appropriate, staff are being encouraged to apply for existing EU funding.

ii) Working closely with the Highlands and Islands European Partnership (HIEP – UHI, HIE and the 7 local authorities in the region) to ensure our regional perspective features in the debate wherever possible – including producing a position paper (attached). The issue is also debated frequently at the Convention of the Highlands and Islands, with input from the university on Brexit implications.

iii) Participating in national fora (Brexit Forum on Universities, Horizon Stakeholder Forum, INTERREG Support Group, Scotland Europa) and sectoral groups (Universities Scotland, Universities UK) to ensure specificities of the university feature in the debate.
iv) Close liaison with existing EU partners and strengthening of bilateral agreements, ensuring them of our continued commitment to future collaboration. This is particularly important when these organisations are contributing to the process at their member state level for the development of EU policy and programmes post 2020.

v) Providing support and guidance for staff – eg hosting the EU Citizens’ Rights event on immigration at Shetland College UHI in September, with video conference access provided for all interested staff across the network.

vi) Increased priority for non-EU networks, such as the University of the Arctic and RETI (a global network of island universities); investigation of alternative funding sources.

What you consider the impact of a no-deal outcome would be for your business / organisation?

Of all the possible outcomes of the Article 50 negotiations, this would have the most detrimental effect on the university.

It would carry the greatest risk of severe reduction of current and future students and staff – and there would be a wider macro issue, impacting even more acutely in this region than elsewhere in Scotland, in that we may not have capacity to meet the workforce/skills demand arising from the likely impact of change in immigration policy, with demand for skilled graduates likely to outstrip supply significantly.

In terms of research collaborations, the positive messages that have sometimes helped to alleviate concerns – such as possible continued access similar to Norwegian higher education institutions – would be severely affected. EU partners would be likely to be even more risk averse to including UK partners.

Existing concerns over future regional policy and funding, whether through the UK Shared Prosperity Fund or any other mechanism, would be heightened. In the case of a no-deal scenario, it is likely that there would be more delay in the development of this policy, causing a damaging ‘cliff edge’ situation for the university and other Highlands and Islands organisations.

The wider upheaval that a no-deal scenario would cause is likely to impact on a significant range of activities and service delivery across the region.

To what extent, the guidance issued by the European Commission and UK Government has been helpful in helping you to prepare for the UK’s withdrawal from the EU?

In the general context of uncertainty and lack of detail, some of the above guidance has been helpful and is welcomed, particularly the assurances on ESIF funding, Q&A handbook on Horizon 2020 and guidance on European Territorial Cooperation. This has helped to encourage planning for greater participation in current EU programmes. However, ‘the devil is in the detail’ – with questions arising over interpretation and the application of some points in a Scottish context.
What further support or guidance you consider the Scottish Government, UK Government and/or European Commission should be providing to enable individuals, businesses and organisations in Scotland to prepare for the UK’s withdrawal from the EU?

As mentioned above, there can be confusion over interpretation of details provided. Further advice, particularly on how the guidance and advice should be applied in a Scottish context, would be helpful. To an extent, this is already being addressed through the fora mentioned above and input at these groups from Scottish Government officials has been beneficial.

As further details emerge over the coming months, it will be critical that organisations are not only able to access information on policy and delivery proposals which will affect them, but are able to participate in events where interpretation and implementation are investigated in detail.

From the start of this debate, the university has been clear that our commitment to engagement with our European partners will continue. Raising profile and promoting the contribution Scottish organisations have to make, individually and collectively, will be even more important, whichever conclusion is reached by the Article 50 negotiations. However, we will need to understand how this may be implemented in a very different context.
Summary

After exiting the EU, UK regions will no longer be able to access EU structural funds. A new Regional Policy is therefore required for the UK as a replacement and to help maximise the economic potential of our regions. The Highlands and Islands European Partnership (HIEP) recognises the importance and value of effective Regional Policy and seeks a future Regional Policy that is:

• Nationally aligned and regionally responsive, focusing on regional competitiveness and socio-economic inclusion

• Long term and strategic in nature, with resources commensurate with the scale of challenge and opportunity

• Regionally flexible, driven by the involvement of local partners in development, delivery and evaluation

• Aligned with wider delivery mechanisms and, in particular, UK / Scottish Rural Policy
Introduction

by Councillor Jimmy Gray, Chair of the Highlands and Islands European Partnership*

In the past three decades, EU Regional Policy has transformed our economic and social well-being. It has enabled investment in transport and broadband connectivity, business growth, community development, research capacity and skills, helping to develop the region’s first university. It has addressed low and sparse population, peripherality, insularity and complex geography — delivering population growth and business success, encouraging vibrant communities and enabling the Highlands and Islands to make its contribution to wider prosperity in Scotland and the UK. As we look to the future, new opportunities are emerging, but familiar challenges remain. A new regional policy, nationally aligned but regionally responsive, is essential if we are to enjoy prosperity and well-being across all of the region and fulfil the region’s potential in contributing to Scotland’s success.

* HIEP members:
  Argyll & Bute Council
  Comhairle nan Eilean Siar
  The Highland Council
  Highlands and Islands Enterprise
  Moray Council
  North Ayrshire Council
  Orkney Islands Council
  Shetland Islands Council
  University of the Highlands and Islands
The Highlands and Islands of Scotland is a region with ambition – innovative businesses and growth sectors, thriving and resilient communities and resourceful people. However, it is also a region of contrasts, characterised by remote rural mainland and over 90 inhabited islands, sparsity of population, challenging geography, social and economic fragility and peripherality. It is a region of outstanding scenery, with a rich natural environment and diverse cultural heritage which makes it unique. While the Highlands and Islands covers half the landmass of Scotland, its 478,000 inhabitants represent under 8% of the national population. Although the population of the region has increased over recent years, some areas are still challenged by depopulation, ageing population and youth out-migration, which impacts on communities and the local economy. Future projections in many of these areas are not promising and our response is likely to be hampered by the impact of Brexit on migration and investment.

Our environment and natural resources are assets that can contribute significantly to regional and national prosperity. The region is among the best in the world for marine energy potential. With a coastline longer than that of France, the opportunities in the wider marine economy – fisheries and aquaculture, marine biotechnology, marine tourism – are extensive. Driving these opportunities is the research excellence in institutions such as the Scottish Association for Marine Science (SAMS) UHI and NAFC Marine Centre UHI in Shetland, both part of the University of the Highlands and Islands, and the European Marine Energy Test Centre (EMEC) in Orkney. Each has benefitted from EU regional funding to develop infrastructure and research expertise.

Established industries such as whisky and aquaculture are ranked first and second in the UK’s food and drink exports. Over half of all Scotland’s distilleries are based in the Highlands and Islands, and the area is the third largest salmon producer in the world.

Our diverse rural economy is also home to globally competitive businesses in life sciences, business services, and has unique assets in the creative and cultural industries.
The Highlands and Islands of Scotland

- half the land mass of Scotland
- less than 8% of Scotland's population
- over 90 inhabited islands
What does future Regional Policy need to deliver for the Highlands and Islands?

The Highlands and Islands is unique within the UK, with its mix of economic, social and cultural assets presenting opportunities and challenges. It will require concerted and co-ordinated effort from a wide range of stakeholders to catalyse development across the whole of the region. The region is an exemplar, attracting interest from across Europe for its success in building a diverse rural economy and vibrant communities where increasing numbers of people live, work, study and invest.

Our successes have been delivered with local stakeholder involvement in development, delivery and evaluation, ensuring that Regional Policy opportunities are responsive to regional challenges and focus on regional opportunities to bring about a shared prosperity.

Future Regional Policy needs to empower the region to contribute to UK and Scottish economic growth, while recognising permanent and long term challenges. Undoubtedly, EU Regional Policy and funding have had a major impact in terms of reducing social and economic disparities, levering in substantial levels of funding. Looking forward, however, there are new opportunities for greater autonomy in determining the region’s priorities, whether through investment from the Shared Prosperity Fund or any other domestic regional policy measures and mechanisms.
Characteristics of Future Regional Policy

This is an exciting time for the region and its communities. Future Regional Policy, with development and delivery led by devolved administrations and regional stakeholders, can bring a long term strategic focus, maximising regional economic potential that is sustainable and inclusive. Our view is that key characteristics of future policy should be:

- Improved regional competitiveness and inclusion, recognising and responding to regional disparity

- Focussed on regions with the greatest challenges – not all regions will benefit to the same degree. Clear and objective criteria are required, considering spatial scale and definition of selected regions

- The opportunity to consider more sophisticated selection criteria, beyond GDP per capita, (for example, population sparsity, employment / participation rates, average wage levels, skill levels, economic concentration, “remoteness”, “fragility”)

- Delivered with funding that is available over the long term at a level commensurate with the scale of challenge and opportunity, rather than short term, one-off allocations of funding

- Adopting a more flexible approach, with a high degree of input from regional stakeholders, to address the specific regional challenges and opportunities in the region

- Through simple, streamlined and, as far as possible, aligned with wider delivery structures

- Ensuring that UK / Scottish Regional Policy is closely aligned with UK / Scottish Agriculture and Rural Policy (also replacing existing EU policy), bringing together the two most significant place-based development policies

It is important that lessons learned from our collective experience of EU programmes are captured and inform the development and delivery of successor domestic programmes.

Some of our key opportunities for further investment and development, supporting a distinctive “place-based” approach include:

- Enhancing the region’s physical and digital connectivity

- Investment in sectors / clusters where the region has competitive advantage, such as marine energy and life sciences – regional Smart Specialisation

- Investment in new technologies, particularly those that enhance our competitive strengths and respond to our regional challenges, for example the “Local Energy Economy”

- Talent attraction and retention, recognising that this is multi-faceted, including employment, education, housing, connectivity and transport

- Investment in education and skills infrastructure and provision to match the future needs of the regional economy

- Investment in community capacity building and resilience, leading to strong, vibrant communities

- Growing as a world class tourism destination

Time, however, is running out. The current structural funds programmes end in 2020 and now is the time to develop future regional policy to avoid a damaging hiatus in Regional Policy and support.
The Highlands and Islands of Scotland is indeed a special corner of the country, with an abundance of natural resources, a diverse business base, world renowned environment and vibrant, confident communities.

An effective regional policy will enable the region to make a full contribution post Brexit towards economic and social growth. That’s good for the Highlands and Islands. It’s also good for Scotland and the UK.


This document was prepared by the Highlands and Islands of Scotland European Partnership.

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