



ORKNEY
ISLANDS COUNCIL

Item: 5

Education, Leisure and Housing Committee: 2 April 2025.

UHI Transformation Programme – Proposed Establishment of Short-Life Working Group.

Report by Corporate Director for Education, Leisure and Housing.

1. Overview

- 1.1. A Member Officer Working Group (MOWG) regarding Orkney College (now known as UHI Orkney) ran between October 2022 and February 2023 to address issues related to the college's governance, the Academic Partnership Agreement with UHI, UHI Branding, the National Recognition and Procedures Agreement (NRPA) for Terms and Conditions of employment for UHI Orkney Academic staff and the college's future strategic direction.
- 1.2. Since the MOWG concluded, and the outcome reported to the Education, Leisure and Housing Committee in June 2023, there have been significant changes in the Further and Higher Education landscape. UHI Orkney, along with colleges across Scotland, is operating in a very different environment to that of 2022/23.
- 1.3. UHI is responding to these changes with a programme which aims to transform it into a more integrated institution through the creation of a new operating model, which will allow allocation of a greater share of funding and income to academic delivery, increase operational efficiencies, and build resilience through shared resources.
- 1.4. It is proposed that a short-life Member Officer Working Group (MOWG) be established to appraise the proposals in the Full Business Case for UHI transformation; to consider the implications for UHI Orkney and make recommendations to Council as appropriate.

2. Recommendations

- 2.1. It is recommended that members of the Committee:
 - i. Agree that a short-life member/officer working group, comprising the undernote core membership, be established:
 - Chair, Education, Leisure and Housing Committee
 - Vice Chair, Education, Leisure and Housing Committee.

- Chair, UHI Orkney Stakeholder Group.
 - Vice Chair, UHI Orkney Stakeholder Group.
 - Corporate Director for Education, Leisure, and Housing/Head of Education.
 - Service Manager (Secondary and Tertiary).
 - Service Manager (Human Resources Operations) and/or Senior Human Resources Advisor (Education, Leisure and Housing).
 - Representatives from Finance, Legal and Committee Services.
 - Senior Management Team of UHI Orkney
 - 2 HISA Representatives, UHI Orkney Stakeholder Group.
 - 2 Staff Representatives, UHI Orkney Stakeholder Group.
 - 2 Business/Community Representatives UHI Orkney Stakeholder Group.
 - UHI representative.
- ii. Agree that the remit of the member officer working group be:
- To engage with the Transformation Programme currently being undertaken by the University of the Highlands and Islands.
 - To consider the implications of the Transformation Programme for the relationship between UHI Orkney, UHI and the Council, and for the day-to-day operation of the college, with regards to, but not limited to:
 - Academic delivery.
 - Operational efficiency.
 - Shared resources.
- iii. Instruct the Corporate Director for Education, Leisure and Housing to submit a report to the Education, Leisure and Housing Committee, no later than June 2026, presenting recommendations regarding UHI Orkney's level of participation in any changes UHI make as a result of the Transformation Programme.

3. Background

- 3.1. There have been significant changes in the operating environment for the Universities and Colleges Sector since the previous MOWG concluded its work and was disestablished in 2023. There is increasing financial pressure across the sector resulting from a cap on Scottish Funding Council funding for Further Education Programmes, and reduced recruitment of students into Higher Education, attributable in part to the cost-of-living crisis as well as changes in visa arrangements post-Brexit. The recent Auditor General's Report on Scotland's Colleges (Auditor General, 2024) states that "Scottish Government funding for

colleges reduced by £32.7 million in cash terms in 2024/25, and has reduced by 17 per cent in real terms since 2021/22". This reduction in income along with increased costs have led to universities and colleges across Scotland making cuts to staffing and academic programme delivery.

- 3.2. UHI's 2030 Strategic Plan recognises that the current UHI operating model is not fit for purpose and needs to be changed to meet the opportunities and challenges that lie ahead for tertiary education in Scotland and become financially sustainable. An Outline Business Case for a transformation programme has been produced which appraises options for significant changes to the governance structure of the university, its central office functions and its academic operations. UHI is now working towards a Full Business Case, work which is supported by funding from the Scottish Funding Council. This work is continuing at pace, with the Full Business Case expected before the end of 2025, proposing changes in the broad categories of Governance, Corporate Functions and Academic Delivery.
- 3.3. Options for the new UHI operating model in the Full Business Case will focus on how UHI Argyll; UHI Inverness; UHI Moray, UHI North, West and Hebrides; UHI Perth, UHI Shetland and the university could become more integrated. Alongside these options Highland Theological College (HTC), UHI Orkney, Sabhal Mòr Ostaig and the Scottish Association for Marine Science (SAMS) would remain UHI partners and also maintain their independence due to their specialised governance structures and unique functions.
- 3.4. The UHI transformation programme is respectful of UHI Orkney's governance structure being different from many of its academic partners. The Principal of UHI Orkney is fully involved in the work on the transformation process being undertaken by Principals of UHI Academic Partners. However, UHI Orkney's level of participation in the resulting changes is a decision for its governing body, Orkney Islands Council.
- 3.5. On 14 February 2025, UHI's Principal and Vice-Chancellor, along with Max Brown, Director of Transformation and Business Planning and Mike Baxter, Chief Financial Officer, presented an update on the transformation process to elected members of the Education, Leisure and Housing Committee and Education Officers, in their role as the UHI Orkney Governing Body. Similar presentations are being made to the Governing Bodies of all UHI Academic Partners.
- 3.6. Members and officers present at the meeting on 14 February 2025 felt it was appropriate to establish a short-life member officer working group to appraise the proposals in the Full Business Case and make recommendations to Council as appropriate.

4. MOWG membership

4.1. The proposed short life member/officer working group should comprise the undernoted core membership, who will also consult more widely as and when required:

- Chair, Education, Leisure and Housing Committee
- Vice Chair, Education, Leisure and Housing Committee.
- Chair, UHI Orkney Stakeholder Group.
- Vice Chair, UHI Orkney Stakeholder Group.
- Corporate Director for Education, Leisure, and Housing/Head of Education.
- Service Manager (Secondary and Tertiary).
- Service Manager (Human Resources Operations) or Senior Human Resources Advisor (Education, Leisure and Housing).
- Representatives from Finance, Legal and Committee Services.
- Senior Management Team of UHI Orkney.
- 2 HISA Representatives, UHI Orkney Stakeholder Group.
- 2 Staff Representatives, UHI Orkney Stakeholder Group.
- 2 Business/Community Representatives UHI Orkney Stakeholder Group.
- UHI representative.

For Further Information please contact:

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Implications of Report

1. **Financial:** UHI Orkney is a self-funding aspect of Orkney Islands Council and any decisions around the level of engagement of UHI Orkney with the UHI Transformation Programme which have financial implications would be addressed in future reports to the Education, Leisure and Housing Committee.
2. **Legal:** Decisions around the level of engagement of UHI Orkney with the UHI Transformation programme could have legal implications which would be addressed in future reports to the Education, Leisure and Housing Committee.
3. **Corporate Governance:** In terms of paragraphs 1.8.1 to 1.8.5 of the Scheme of Administration:
 - Member/Officer working groups may be set up for a particular purpose by the Council or a Committee to allow Members to work with relevant Officers to provide an additional opportunity for debate as well as informal discussions.

- Member/Officer working groups are not decision-making bodies and any references arising from these groups will require to be reported to the Council or appropriate Committee or Sub-committee.
 - Any Member/Officer working group should have a time limit set to fulfil its remit and extension of time or change to remit can only be approved by the establishing Committee or Sub-committee following consideration of a report detailing reasons for the request.
 - If the Member/Officer working group is to undertake an ongoing role, consideration should be given to establishing a consultative forum, rather than a working group.
 - The provisions of Standing Orders do not apply to Member/Officer working groups or consultative forums and meetings are not open to the public.
- 4. Human Resources:** The MOWG will consider any potential implications of the UHI Transformation Programme and development in National Bargaining for the College Sector for the Council decision that UHI Orkney should sign up to National Bargaining for UHI Orkney Academic staff. Should this result in any potential for a change in position, this would be addressed in a future joint report to the Education, Leisure and Housing Committee by the Corporate Director for Education Leisure and Housing and Head of Human Resources and Organisational Development.
- 5. Equalities:** Not applicable.
- 6. Island Communities Impact:** Not applicable
- 7. Links to Council Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Council Plan strategic priorities:
- Growing our economy.
 - Strengthening our Communities.
 - Developing our Infrastructure.
 - Transforming our Council.
- 8. Links to Local Outcomes Improvement Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Local Outcomes Improvement Plan priorities:
- Cost of Living.
 - Sustainable Development.
 - Local Equality.
 - Improving Population Health.
- 9. Environmental and Climate Risk** Not applicable.
- 10. Risk** UHI Orkney's status as an Academic Partner of UHI, and its being able to benefit from any operational efficiencies brought about by the UHI Transformation Programme reduce the risk of financial instability.

- 11. Procurement** Not applicable.
- 12. Health and Safety** Not applicable.
- 13. Property and Assets** Not applicable.
- 14. Information Technology** Not applicable.
- 15. Cost of Living** Not applicable.

List of Background Papers

[UHI Transformation - website and consultation](#)

[UHI 2030 Strategic Plan](#)

[UHI's Islands Strategy.](#)