

22 November 2010

Mr Gordon Thomson  
Scottish Government  
Lifelong Learning Directorate  
Higher Education and Learner Support Division  
Atlantic Quay  
150 Broomielaw  
Glasgow  
G2 8LU

Dear Sir

### **Award of University Title to UHI Millennium Institute**

I am writing to express the support of the Scottish Council for Development and Industry (SCDI) for UHI Millennium Institute's proposal that it should be awarded university title.

SCDI believes that the creation of a university in the Highlands and Islands could make the single most significant contribution in the region to the core purpose of the Government Economic Strategy, "creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth." Its establishment would also support the related economic cohesion target of ensuring that the most remote areas of Scotland can contribute to, and benefit from, economic growth.

The Highlands and Islands' economy has been transformed in recent decades. Economic activity has increased, the rate of employment is higher than the national average and there is a growing population, many of whom were attracted to live and work in the area. The region is now known for its entrepreneurial, ambitious individuals and businesses. In the last decade, UHI Millennium Institute has been a key catalyst for that transformation, through highly-regarded joint projects between academia and SMEs across the region to help develop new products and processes, and generate new sales, and attracting both public and private funding to develop research capacity and quadruple its academic staff. It has increased engagement with employers, skills councils, trade unions and others in the region in the development of the curriculum, allowing them to influence its content and participate in its delivery, for example via the STEM North of Scotland partnership.

However, the Highlands and Islands are not without significant economic challenges. The economy is more dependent on the public sector, which is projected to decrease in size, and is comparatively undiversified and weak in knowledge-based industries, and wage levels are below the Scottish average. There is significant depopulation of some island and remote communities, particularly due to a shortage of jobs. Post school-age young people make up a smaller percentage of the population than for Scotland as a whole because a lack of education and career opportunities leads many to move outwith the region, which has created some skills shortages, especially for high-growth businesses.

Based on the Scottish Government's Economic Strategy, Highlands and Islands Enterprise and its partners have identified priority targets for the regional economy. These include increasing its GVA growth rates, productivity in high-growth businesses, population, participation rates, and mean income levels, as well as greater regional cohesion through growth in population and income levels in fragile areas of the region.

Creation of a university in the Highlands and Islands would help to enable delivery of these strategic economic and community development priorities. In SCDI's view, it would offer significant benefits for indigenous people and businesses around the region, and attract fresh talent - including undergraduates, researchers and staff - and businesses to locate in it. This would increase the population of the Highlands and Islands and supply of graduates to the regional labour market, foster the knowledge economy and high value jobs, and promote entrepreneurship and business start-ups. With domestic demand projected to remain weak and public spending cuts impacting on private sector suppliers too, such innovation and internationalisation will be crucial to regional success.

The benefits would be especially great for key high-growth potential sectors where the Highlands and Islands has international comparative advantages - Creative Industries; Energy; Business Services; Food and Drink; Life Sciences; and Tourism. For example, in the life sciences sector, both the geographic focus (Inverness for medical and health science and Oban for marine bio-science) and the regional priorities (remote healthcare and digital health, natural products, and well being plus preventative medicine) are closely linked with local research capability. SCDI believes that the creation of a university, with its strengthened research capacity, would support the transition to a low carbon economy, and its community and cultural benefits would include social enterprise.

The development of new facilities and estates will further enable these interfaces. For instance, the planned campus site near Inverness could also potentially accommodate phase IV of the Centre for Health Science and a science and technology park for businesses linked to the university and other establishments. Independent economic analysis by Cogentsi Research International Ltd has calculated that the economic benefits of this project could be £147m a year, with 20,000 more people working in the area.

Evidence suggests that it will not be possible to develop and sustain a knowledge economy in the local and regional economy without a higher education institution which is actively committed to developing research and knowledge transfer across the region.

The universities sector itself is recognised as a key high-growth sector for the Scottish economy, with long-term sustainability of its comparative advantage, high value skills, intellectual assets and potential to generate even higher income from internationalisation. Development of a high-quality higher education institution in the Highlands and Islands, which despite encompassing half of Scotland's total area currently has none based there, would enable the region to benefit from growth opportunities for the universities sector. It would clearly indicate the quality of UHI Millennium Institute's research and help it to compete for funding, attract local, national and international undergraduates, researchers and staff, and raise its profile further which would help develop other sources of income.

SCDI warmly welcomes the sponsorship model which has been put in place by UHI Millennium Institute in partnership with the Universities of Aberdeen, Edinburgh and Strathclyde, and support for its application for university title from Universities Scotland. Such strong national (and international) collaborations are important for developments in key high-growth potential sectors, such as life sciences, and will help businesses in the Highlands and Islands to gain greater access to the knowledge, expertise and technology which are available in all of Scotland's universities, colleges and research institutes.

In return, the award of university title on UHI Millennium Institute would, in SCDI's view, have a positive impact for Scottish higher education, both nationally and internationally. With greater global competition for ideas, investment and people, countries must maximise their comparative advantages. It would add to Scotland's universities sector new centres of excellence focussing on regional research and learning priorities like marine science and renewable energy. A University of the Highlands and Islands would have the potential to quickly become a recognisable and attractive global brand. As a unique institution – a distinctive partnership of colleges, learning centres and research institutions to provide higher education in remote and rural communities – it would enhance the reputation of Scottish higher education and Scotland for innovation.

In SCDI's recently published *Blueprint* for the Scottish economy we support the concept of utilising improved communications technology to create a new 'Distributed City' in the Highlands and Islands, which provides opportunities for people in rural areas, such as access to a higher education institution, which were not available to previous generations. This use of technology and e-learning to reduce barriers of geography and rurality, enable learning and training providers to work as one system, was also identified in the Scottish Government's Skills Strategy. The distinct size and spread of the population served in the Highlands and Islands should also be recognised in the criteria used for this application.

The Scottish Government's National Planning Framework 2 on how Scotland should develop over the next 20 to 25 years states that: "Higher education has a key role to play in developing the knowledge economy in rural areas...building new centres of expertise and creativity, providing high-level jobs, offering opportunities for people to study locally, developing international links and attracting students from around the world."

SCDI agrees that the creation of a university in the Highlands and Islands would be of transformational local, regional and national economic, social and cultural benefit, and believes that UHI Millennium Institute is now ready to be awarded university title.

Yours sincerely

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