



## **Universities Scotland submission to the Education and Skills Committee as part of its pre-budget 2017/18 scrutiny**

Universities Scotland is delighted to respond to the Education and Skills Committee's call for evidence as part of their Pre-Budget 2017/18 Scrutiny.

We wish to make clear that our members value the Scottish Funding Council as an independent body and the role it plays in funding education in Scotland.

The SFC is at its most effective when it is empowered to have a strategic role in the Scottish higher and further education sector and when the organisation provides constructive challenge to both Government and to institutions as well as working collaboratively with its major partners. The Scottish Funding Council (SFC), as a Non Departmental Public Body (NDPB), can play an important role in supporting the success of Scotland's universities. As an NDPB the SFC delivers a vital role in the relationship between autonomous universities and government. The SFC supports institutions' accountability for the use of, and outcomes from, public funding thereby supporting a system where institutions can play their important role in public life whilst, importantly, remaining outside Ministerial direction or control.

The SFC is positioned uniquely to provide a range of evidence and advice within further and higher education. With a budget of £7.9m, over 100 staff and an operational focus on policy, finance and statistics, the SFC has the potential to work with the sector and across government in evidence-based policy development. Its position enables it to be at the heart of the formation of collaborations across the sector, government, agencies and the wider public sector, to deliver major successes. It also has a key role to play in developing partnerships with UK funders and international institutions and creating a policy environment in the UK that can support the sector's success. This has been the foundation of some of the SFC's strongest outcomes, including:

- Research pooling. Over the past eight years, the SFC has provided over £150m funding to establish and support research pools in Scotland, bringing together our world-leading researchers in collaborative clusters with globally significant critical mass.
- More recently, we have been grateful for the SFC's support and joint working on the Teaching Excellence Framework (TEF). This is an English policy development in the assessment of teaching quality but it has significant implications for Scottish institutions because of the international nature of higher education. We have been able to share information and messaging with the SFC in order to achieve a better platform for Scottish institutions to engage with TEF if they choose to. The SFC has added value in this process.
- The SFC made a significant contribution, with the other Funding Councils of the UK, in the design and implementation of the 2014 Research Excellence Framework (REF). This will begin again as we face the redesign of REF following the recommendations of the Stern Review.

### **Scale of ambition**

We welcome the Scottish Funding Council's international ambition and focus on high quality outcomes as outlined in its most recent strategic plan (2015-18) and reiterated in the submission it has made to Committee.

The SFC aspires to make Scotland “the best place in the world to learn, to educate, to research, and to innovate”.<sup>1</sup> Its focus is on three key outcomes which we agree are important for Scotland. They are: high-quality learning and teaching; world-leading research; and greater innovation in the economy. We support, absolutely, the scale of ambition and the international outlook. Our concern is that SFC has lacked both the strategy, the analysis and the level of resource needed to deliver on these outcomes. The level of funding available to higher education, via the Scottish Funding Council, has been cut on both the resource side (which funds university teaching and research) and the capital side.

The Audit Scotland report from July 2016 notes the challenges in realising policy ambitions in light of the funding situation facing institutions: “*It is important that the Scottish Government ensures its approach to funding higher education is sustainable in the longer term if it is to deliver its policy ambitions.*”<sup>2</sup> Furthermore, the SFC’s rhetoric which aspires for Scotland to be successful internationally is not matched with any comparative analysis of the sector on an international level. We have no sense, from our Funding Council, whether higher education is receiving internationally competitive levels of resource to be competitive nor how the sector’s or SFC’s outputs compare internationally.

### **A joint Funding Council**

We see the value of a joint Funding Council with a remit to cover the further and higher education sectors in Scotland. This supports important policy agendas that depend on the collaboration of college and university partners. We believe that a joint Council is better placed to support the holistic approach to widening access across all parts of the education sector, which we fully support, and we hope to see taken forward in a very meaningful way with the appointment of a Widening Access Commissioner in due course. Very practically, a joint Council supports the success of policy programmes which require collaboration between universities and colleges such as articulation.

However, a joint Council requires commitment and energy to make it work well for both sectors. It can present challenges for the Council and its staff. There are important legislative and policy differences between the two sectors, and the contexts in which they operate, which need to be fully understood to be optimised. Two relevant examples include the fact that higher education operates in a policy and funding environment which sees a balance of issues which are devolved to Scottish Parliament and reserved to Westminster. The status of colleges as public bodies under the ONS reclassification in contrast to the status of higher education institutions presents significant differences between the sectors in terms of the Council’s responsibilities for governance and oversight of financial performance. Operationally, the Council’s role in implementing change in the college sector, and the funding implications of ONS reclassification of colleges, have also made significant operational demands.

Finally, the breadth of the Funding Council’s remit across both FE and HE presents a challenge for board members. We welcome strategic dialogue meetings as a means for the board members to get a better understanding of institutions. We would welcome the opportunity to consider, with the Council, what other opportunities might support their understanding.

### **Constructive suggestions**

The constructive suggestions we make in this submission are made within the context of our support for SFC in an NDPB function. Many of these points repeat those provided to the Scottish Parliament’s Education and Culture Committee in session four as part of its consideration of the Funding Council’s spending decisions and outcomes.

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[http://www.sfc.ac.uk/web/FILES/Corporate\\_publications\\_SFCCP022015\\_ScottishFundingCouncilStrategicPlan2015/SFCCP022015\\_SFC\\_Strategic\\_Plan\\_2015-18.pdf](http://www.sfc.ac.uk/web/FILES/Corporate_publications_SFCCP022015_ScottishFundingCouncilStrategicPlan2015/SFCCP022015_SFC_Strategic_Plan_2015-18.pdf)

<sup>2</sup> [http://www.audit-scotland.gov.uk/uploads/docs/report/2016/nr\\_160707\\_higher\\_education.pdf](http://www.audit-scotland.gov.uk/uploads/docs/report/2016/nr_160707_higher_education.pdf) pg49

## A place for policy creation

We strongly believe that the SFC is delivering value for Scotland and working most effectively if it is a place of creative policy generation. Whilst it does have a responsibility to work within the strategic framework set for it by Ministers, it is not working to its potential if it becomes a body that simply enacts detailed policy instructions from Government. We would agree with the Scottish Funding Council's submission where it states that policy development is best done in collaboration with higher education institution (and colleges) in a consensual way to achieve positive outcomes.<sup>3</sup> The phrasing of the Committee's inquiry is arguably at risk of reinforcing a more limited view of the SFC's purpose. The Committee's focus on the SFC's delivery of outcomes as 'expected of them by the Scottish Government' is only part of the role that the SFC should be playing as an executive NDPB. The SFC should have the capacity and the confidence to initiate policy itself. We make this point in relation to the Committee's inquiry because it is a matter of concern to us that this is the aspect of SFC's role that has been diminished in recent years.

## Capacity for policy development and analysis

This is an area where the SFC has the potential to offer real added value to Scotland. We would welcome the development of more focused policy expertise within the SFC. Policy teams that might have previously had the capacity to concentrate on widening access or knowledge exchange policy have found themselves increasingly stretched after an organisational restructure to focus time on the outcome agreements process.

There are data and analysis which we believe would be of value to the sector and to Government that the SFC does not seem to have the capacity to undertake or do so reliably.

- We agree with the Audit Scotland recommendation that the SFC should "*regularly assess and clearly report on the performance of the higher education sector, including its financial health*"<sup>4</sup>. The SFC's equivalent body in England, HEFCE, produces an annual analysis of the English sector's financial health.<sup>5</sup> This depth of analysis and identification of overall strategic issues has been lacking in Scotland.
- The SFC used to have responsibility for the Efficient Government Programme/Initiative returns on behalf of colleges and universities. The findings of these reports are not published publically despite annual calls for evidence. This is an area in which universities are very keen to demonstrate their continued performance and are increasingly reliant on doing so unsupported by the SFC in the form of Universities Scotland's Efficiency Taskforce
- We believe there may be value in the Funding Council considering its current committee structure to ensure it is able to fully support its strategic priorities. We notice, for example, that there is no capital committee.
- The SFC is the owner of the only comprehensive data set on articulation from college into university. Articulation is a key route for widening access and an important agenda for Government, for universities and the focus of recommendations in the *Blueprint* from the Commission for Widening Access. Yet published analysis of the data set is limited and we do not believe that raw data is shared with institutions when this could be a valuable tool to help institutions develop this relatively new policy initiative.
- The annual data set linked to the SFC's Learning for All access programme is a helpful monitor of recruitment by SIMD quartile. However, the presentation of the data in *Learning for All* has been inconsistent in recent years, with little raw data available, making it difficult to fully interrogate, understand and track performance at a sector level or within groups of institutions.

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<sup>3</sup> Paragraph 65 of the SFC submission to Education & Skills Committee.

<sup>4</sup> [http://www.audit-scotland.gov.uk/uploads/docs/report/2016/nr\\_160707\\_higher\\_education.pdf](http://www.audit-scotland.gov.uk/uploads/docs/report/2016/nr_160707_higher_education.pdf) p7 & p50

<sup>5</sup> <http://www.hefce.ac.uk/pubs/year/2016/201604/>

- Finally, we would like to see a greater role in policy research and analysis by SFC. The organisation does not often commission research to inform its work nor to support the higher education sector. Again, this differs from its English comparator body, HEFCE. We see benefits in this kind of role for SFC particularly in relation to the body of evidence that will be needed to inform widening access policy and to support the Framework for Fair Access to be developed by the new Access Commissioner.

We also acknowledge Audit Scotland's findings that the SFC needs to finalise its performance management framework<sup>6</sup>. For the Scottish Government, stakeholders and others to have full confidence in the SFC it is vital that a robust assessment of how the SFC is performing against its strategic plan would be most welcome.

### **The SFC as a body under consideration in the enterprise and skills review**

There of course currently exists an ongoing review of enterprise agencies in Scotland, which Universities Scotland has [contributed](#) to and has recently completed phase one. One of the key points we made in our submission was that there should be greater alignment in the objectives and measures used by the skills and enterprise bodies to help achieve shared goals. Achieving this would reduce the silos that can occur between bodies and result in more useful cross-referral of services, whether for innovation or skills, between bodies. This is something we would hope to be addressed by the statutory board that will co-ordinate the activities of the four enterprise agencies and we note the suggestion for deeper alignment between the bodies.

### **Focus of the inquiry**

We welcome and support the Committee's efforts to engage with a wider range of stakeholder views through an online survey as part of its inquiry into the SFC. Public investment is the subject of the pre-budget scrutiny and we recognise that there is a broad stakeholder and legitimate public interest in this. However, the online survey only asks questions about the performance of universities and colleges as institutions themselves, not the Scottish Funding Council as an NDPB. This has the potential to confuse the remit of the inquiry. Scotland's higher education sector was assessed very recently by Audit Scotland. Its July 2016 report looked at "how it [HE] contributes to national strategic objectives.

We also welcome the evidence included in the Funding Council's submission to Committee that points to the success of higher education in achieving positive destinations for graduates, in research and progress made in widening access. The Funding Council can enable this success through the effective delivery of funding and policy support. However, these are outcomes delivered by the institutions themselves, and so are the means to evaluate the performance of the higher education sector, rather than the means to achieve a close evaluation of the performance of the Funding Council.

### **Further information**

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<sup>6</sup> [http://www.audit-scotland.gov.uk/uploads/docs/report/2016/nr\\_160707\\_higher\\_education.pdf](http://www.audit-scotland.gov.uk/uploads/docs/report/2016/nr_160707_higher_education.pdf) p26