

# Towards a Scottish solution

Universities Scotland's first contribution towards  
finding a Scottish solution for the sustainable funding  
of the university sector

Universities  
Scotland



## **Towards a Scottish solution**

Universities Scotland has responded to the Cabinet Secretary's challenge to contribute to the development of a 'Scottish Solution' which sustains a diverse and internationally competitive university sector in challenging financial circumstances.

This paper is published in late October 2010 only weeks before the Scottish Government will present its budget for 2011-12. It also follows shortly after the publication of the Browne Review in England but before the UK Coalition Government has officially responded to Lord Browne's recommendations. It represents the product of a group of Principals and practitioners within the sector including Finance Directors, University Secretaries and other senior university leaders. The group was co-chaired by Professor Steve Chapman, Convener of Universities Scotland's Funding Policy Group and Principal of Heriot-Watt University and Professor Seamus McDaid, Convener of Universities Scotland's Efficient Government Group and Principal of the University of the West of Scotland.

University Principals have developed constructive ideas for how our universities can adapt successfully to tougher financial times. The following pages summarise this work and outline the key elements we believe will best position Scotland's universities to continue to make a sustainable contribution to our future economic, social and cultural prosperity. Data to support our position is provided in Appendix B.

Scotland's universities are a central economic, social and cultural asset and critical to our international profile. Successful and competitive universities are motors of sustainable economic growth; major export earners; the developers of the graduate-level skills on which the future economy will depend; the 'ladder of opportunity' for a wide diversity of learners; and a cornerstone of Scotland's international reputation. We need to start from the recognition that any Scottish solution should be aspirational in its ambitions for Scotland's universities. It is critical that all those involved work together to maintain and enhance these vital contributions to Scotland.

The structural elements of a 'Scottish Solution', and the development of a fair model of Scottish graduate contribution, will take time to implement. This work is urgent, but cannot deliver its benefit in 2011-12. The Independent Budget Review emphasised this and stressed the importance of maintaining an internationally competitive university sector while a financially-sustainable future model is constructed. We reiterate this message and take the view that Scotland's interests will be best served by continued public investment in university teaching and research. This should be a key element of any Scottish solution far beyond the implementation stage.

We therefore urge Parliamentarians to support a Scottish Budget for 2011-12 which prevents fundamental damage to universities' contribution to Scotland's economy and society. Urgent work to implement policies for a financially sustainable future for universities will be taken forward in this period – but that work will be wasted if funding cuts have already made Scotland's universities uncompetitive.

## Why is it important to find a ‘Scottish solution’?

Scotland’s universities are a key national asset. There are many reasons why it is vital that we build a Scottish solution, not least the central economic importance of Scotland’s universities, including:

- A £6.2bn contribution to Scottish gross value added (GVA)
- Support for 149,000 jobs (which equates to 7.6% of the Scottish workforce) including direct employment of 35,000<sup>1</sup>
- Bringing in over £1bn into the Scottish economy through research contracts and overseas students
- The need to up-skill Scotland for economic success. According to the CBI<sup>2</sup> and the Bank of England<sup>3</sup> employment growth will continue to be concentrated at graduate level, an area where the latest OECD data indicates that Scotland and the UK lag behind other leading economies
- Universities’ impact on industry: over £300m of knowledge-exchange outreach activity, and their central role in creating clusters of private sector research and development activity in the ‘knowledge services’ area
- Universities’ status as the ‘ladder of opportunity’ for growing numbers of people of widely diverse age and socioeconomic status
- Universities’ key role in underpinning Scottish culture and the creative industries and promoting Scotland overseas.

Making the right choices now can give Scotland a real competitive advantage in developing as a high-skill, ideas-driven economy.

Conversely, major cuts which are not compensated for by new income streams will fundamentally damage universities’ contribution to Scotland’s economic and social resilience.

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1 The Contribution of Scottish Universities, Biggar Economics, 2010

2 Stronger Together: Businesses and Universities in Turbulent Times, CBI, 2009, p11

3 Highlights from Education at a Glance, OECD, 2010, p21

## What shape should a Scottish solution take?

**“Even after taking account of the cost to the public exchequer of financing degree courses, higher tax revenues and social contributions from people with university degrees make tertiary education a good long-term investment”**

OECD  
Education at a  
Glance 2010

There is no single solution to the future funding of universities in Scotland. Several elements will be necessary to achieve a lasting and sustainable solution. The key elements for action are outlined in this paper and take the form of:

1. Further efficiency measures and collaboration
2. Rethinking the learner journey
3. Sector-led structural changes
4. Other sources of income

It is important to remember that there is no solution which can deliver change or realise significant savings overnight. Universities have been aggressive in their pursuit of efficiencies and were there a single straightforward solution, it would have already been implemented.

We also need to start from the recognition that any Scottish solution should be aspirational in its ambitions for Scotland’s universities. Universities are keen to take this opportunity to work together with all stakeholders to ensure Scotland’s universities remain world-class and continue to serve Scotland as a national asset. At a time when our competitor economies are making public investment a priority (with the conspicuous exception of England), Scotland cannot afford to fall behind. Our economic future depends on this.

There are a number of important principles which define Scotland’s universities’ success and should underpin all debate and shared work to shape Scottish solutions. They represent a shared understanding amongst all 20 member institutions of what is key to the sector’s present success and what will continue to be key in order to build on that success. Compromising any one of these is to risk undermining the sector’s international standing and competitive advantage.

These principles are the framework within which Scottish solutions can be developed and successfully delivered. They are:

- **International competitiveness**
- **A high-quality learning experience**
- **Wide access, regardless of socioeconomic background**
- **Research excellence**
- **Diverse demands, diverse missions, diverse excellence**
- **Partnership and engagement**
- **Responsibility and initiative: autonomous, sector-led change**
- **Financial sustainability**

These principles are elaborated on further in Appendix A.

# 1. Further efficiency measures and collaboration

Scottish universities have a very strong record in achieving efficiency, consistently exceeding Government targets. Universities made efficiency savings of £44 million in 2009-10 (equivalent to 3.9% of SFC grant) and have planned further efficiency savings to achieve a cumulative target of £83 million by 2010-11<sup>4</sup>.

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'highly'**

Universities are also at the forefront of efficient procurement in the public sector, with 94% of procurement activity being rated highly<sup>5</sup>. Tough but fair pay restraint is being applied (including senior-level pay freezes), and action is being taken to put the Universities Superannuation Scheme (USS) for pensions on a robust and sustainable footing. Universities – individually and in collaboration within the sector and with others – will aggressively pursue further efficiencies.

**“The level of  
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The aggressive pursuit of efficiencies and the use of shared service models is not a recent innovation within the higher education sector in Scotland. A 2007 report identified over 100 shared services and collaborative activities across the Scottish university sector. This report concluded that ‘the level of collaboration and the large number of examples within and outwith the sector pays testament to a strong network and the recognition of efficient government principles.’<sup>6</sup>

In addition to joint sector-wide efficient procurement, key services including admissions, IT infrastructure, statistical information and library and data subscriptions have been delivered across the UK on a shared service basis since the early nineties<sup>7</sup>. More recent efficiencies and shared services specific to Scotland have included:

- The Interface service which provides industry with a single point of entry through which it can access the innovation available across Scotland’s universities
- All institutions scrutinising the detail of how they go about their business and revised processes from admissions to staff recruitment in order to make savings
- The adoption of the Pensions Plus salary sacrifice scheme at a number of institutions
- Programmes of improved space utilisation or relocation and the disposal of estate not fit for purpose
- The development of co-located campuses and shared facilities between higher education institutions and colleges and schools.

York Consulting  
2007

Whatever the outcome of the Budget Bill for 2011-12, universities will press ahead with delivering further efficiencies. Universities are planning for efficiency gains in the region of £40 million in 2010-11. In addition, there are a range of ongoing or planned activities around efficiency and shared service measures across the sector and initiatives and activities planned within individual institutions in order to further improve the sector’s efficiency.

4 Efficiency outturn report to SFC and indicative outturn figures to SFC

5 Procurement Capability Assessments Summary Report, APUC, July 2010.

6 Review of Shared Services and Collaborative Activities in Scotland’s Universities, York Consulting, November 2007, p. 36.

7 For example JISC, which procures data, networking and information services on behalf of the UK sector and HESA, the statistical agency for the HE sector, were both formed in 1993.

**University teaching has already been demonstrated to be underfunded in the SFC's objective review of Funding Subject Price Groups**

Cuts of the scale foreseen in the Independent Budget Review cannot, however, be absorbed through 'efficiency savings'. They will directly affect provision, to the detriment of students and to the detriment of Scotland's economic sustainability. University teaching has already been demonstrated to be underfunded in the SFC's objective review of Funding Subject Price Groups, and the university estate requires over £1bn backlog maintenance with only a bare majority being in fit-for-purpose condition.

Public spending cuts in line with projections will therefore result in:

- Fewer Scots will be able to access a university education and the lifetime benefit this provides
- Those Scots still able to secure a place at university in Scotland will face a reduced choice of subjects and a deterioration in the student experience on offer
- There will be substantial job losses at all levels
- Scotland will lose leading researchers to its competitors, severely damaging our continued ability to attract international research and development investment
- The level of social mobility and the supply of highly-skilled labour within Scotland will be reduced
- Many students will have to travel further or look to opportunities in the rest of the UK or further afield in order to fulfil their ambitions
- Scotland will lose its reputation as a popular destination for international students, eroding the benefits of such students, including their vital contribution to the wider economy.

Many of these cuts are not quickly reversible – and will be fundamentally damaging to Scotland's capacity to be an international hub for research and development, and to offer a full range of learning opportunity to our people. We therefore need to work urgently on measures which can mitigate the impact of funding cuts.

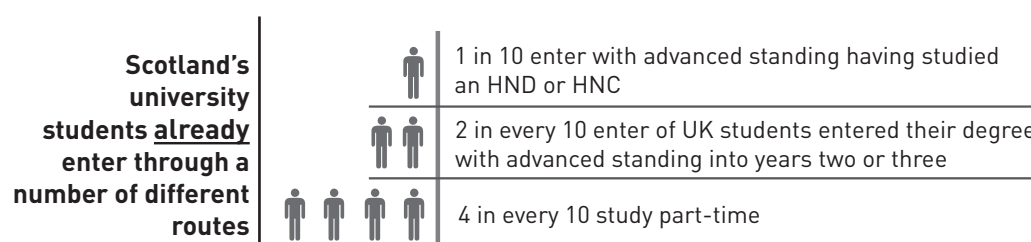
## 2. Rethinking the learner journey

**Scotland should retain the internationally recognised four-year degree**

**This provides a structure around which we can build a more flexible 'learner journey' from the senior levels of school to degree-level qualification**

There are structural reforms which the sector can introduce during the next Spending Review period to improve the financial sustainability of university provision. As part of this, there are ways in which we can build more flexibility into the learner journey as well as looking to accelerate progression where this is appropriate for individuals. These measures have the potential to releasing savings across the education sector as a whole.

We are clear that Scotland should retain the internationally recognised four-year degree. The learner journey and the Scottish skills base will not be improved by making a flexible four-year degree an inflexible three-year degree – which would be incompatible with the school system even as reformed by Curriculum for Excellence. However, the four-year degree provides a structure around which we can build a more flexible 'learner journey' from the senior levels of school to degree-level qualification. It offers significant potential for diverse entry routes to university and multiple certificated exit points and there is much evidence of this already taking place on which we can look to build (see Appendix B, 2).



Building in more flexibility would require effective planning across secondary, further and higher education, and integration with implementation of Curriculum for Excellence.

### Potential measures to develop further include:

- Increased direct entry to university after Highers in S5 (SCQF level 6)
- Increased opportunity for entry with advanced standing for candidates with SCQF level 7 qualifications, including Advanced Higher and Scottish Baccalaureate
- Accelerated progress through university where this meets learners' needs

### Policies to support this would include:

- Rationing the total funding available to an individual per SCQF level (while protecting lifelong learners' ability to re-skill during their careers)
- Ensuring that the SFC's model for funding university study is flexible enough to support accelerated progression for students choosing this.

There are also opportunities for further development of articulation arrangements with colleges to encourage entry to the later years of degree study, although this will require detailed course-by-course work to build an effective curriculum fit.

Re-engineering of the learner journey is not a 'quick fix', but is a necessary part of ensuring that the journey from senior stage at school to degree level qualification is as flexible and efficient as possible.

### 3. Sector-led structural change

**Mergers must continue to be driven by institutions' own initiative**

Tough financial circumstances will bring an appropriate and proactive response from universities. Once a budget for 2011-12 is known universities will engage in sector-led re-shaping of provision to meet the available resources which could include:

- Individual institutions' decisions about how to rationalise provision in a manner which is consistent with their mission
- Collaborative work by universities to identify areas of activity which some universities wish to divest and others wish to expand
- A 'moderation' role for the Scottish Funding Council (SFC) in ensuring continued 'coherence of provision'.

**Scotland's universities have taken the initiative to merge where it makes good business sense**

We see this as a time-limited process during 2011 with change implemented from 2012-13 onwards.

We believe that available SFC Horizon Fund resources should be concentrated on 'spend-to-save' initiatives in universities which have identifiable and realisable financial benefit.

It is possible that such reshaping may result in further proposals for merger of institutions but, to be successful, such moves will need to be driven by institutions' own initiative, identify clear realisable savings and may require up-front investment. Universities have a strong record of choosing to pursue structural change where this makes academic and financial sense and have done so on their own initiative. The most recent example is the merger which formed the University of the West of Scotland in 2007, but there have been other significant examples in recent years including the merger of specialist teacher education and allied health professional education institutions into universities. The sector continues to evolve and tough financial times will drive further sector-led restructuring of provision (see Appendix B, 6 & 7).

**Scotland is committed to the indivisibility of teaching and research in its universities**

#### **What about research funding?**

Research funding is vital to the economy and society in Scotland. Scotland has one of the strongest university research bases in the world; we produce 1.2 per cent of all new knowledge and are second in the world in terms of research impact relative to population. These are stunning achievements for a country of only five million people. Scottish scientists are world leaders in a range of areas including health, biological and clinical sciences, informatics and energy technologies. We are also policy innovators through the successful research pooling initiative which brings together excellent researchers across Scotland's universities and pools to deliver a collective impact which is genuinely greater than the sum of its parts.

Unlike England, Scotland maintains a proud tradition of all students being taught in research-active universities to ensure that the student learning experience is informed by relevant and cutting-edge fields of study.



In tough financial times, Universities Scotland will support:

- The continued concentration of research funding on excellence, wherever it is found
- A continued mission for the SFC to support the research infrastructure – the facilities and staff needed for Scotland to compete successfully for research funding
- Further development of universities' extensive research-led outreach to industry.

### **What about the Scottish Funding Council?**

The SFC should continue to have responsibility for operation of the university funding regime. We see clear advantage in this being managed as an administrative rather than a political process. However, there should be changes in the way the SFC works including:

- Slimming-down to bring SFC's cost to the sector down to the proportionate benchmark for HEFCE and release further resource for universities<sup>8</sup>
- Increased use of transparent formulaic allocation of resource and reduced use of labour-intensive 'projectised' funding streams
- Concentration of available Horizon Fund resources into universities' 'spend-to-save' proposals with clear and realisable savings.

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<sup>8</sup> Currently the SFC spends £9m on its administration which is equal to 0.5% of the amount it disburses to universities and colleges. This compares to a HEFCE benchmark of 0.2%

## 4. Other sources of income

Competitively-won research funding, income from intellectual property, income from overseas students, and philanthropic giving are all important income streams which universities will exploit to the full. Our success in raising funds from these sources is demonstrated by the fact that less than 50 per cent of the sector's total income currently comes from 'core' public funding. However, public funding is required to underpin this entrepreneurial income generation and this is why it is essential that Scotland continues to invest public resources into university teaching and research even beyond the implementation of a Scottish solution.

**Universities  
Scotland supports  
the urgent  
development  
of a fair and  
distinctively  
Scottish graduate  
contribution**

Entrepreneurial funding sources cannot fill a funding gap of the scale envisaged by the Independent Budget Review or anticipated changes in policy following Lord Browne's recommendations for the funding of English universities. We therefore strongly support the Independent Budget Review's stress on the importance of sustaining an internationally-competitive university sector and the urgency of building a means of securing a contribution from the graduate beneficiaries of higher education.

Detailed and urgent work on Scottish higher education funding policy needs to be informed by the changing policy environment in the rest of the UK, to ensure that the impact of changes there inform the development of Scottish policy.

**Ability to pay  
will not become  
the determining  
feature of a  
Scottish Solution**

Some key values and criteria should guide the development of a fair and distinctively Scottish model:

- University education for Scottish students studying in Scotland should be free at the point of entry and throughout study.
- Graduates should contribute towards the cost of higher education in Scotland.
- Any contribution sought from graduates **must** be set at a level which does not discourage participation.
- A fair model would ensure that students from all backgrounds are able to study any course at any institution. Academic potential, and not the ability to pay, must be the determining factor.
- Students, regardless of their chosen mode of study, should have access to fair and targeted support, through loans and grants, to support the maintenance costs of study. Universities Scotland supports work to improve the student support system to achieve this.
- Measures to support participation by students from relatively disadvantaged backgrounds should be built into the scheme.
- A graduate contribution should lead to enhancement of the student experience and promote the accessibility of university study. As part of that, it should promote the accessibility of part time and postgraduate students.
- The contribution sought from graduates must relate, in a fair way, to their personal circumstances. There should be a minimum income threshold for payment of the contribution, and a relatively higher level of contribution from graduates on high incomes.

- Fair measures should be put in place to ensure that students from other European Union countries studying in Scotland are within the scope of a graduate contribution scheme.
- The benefit to universities and their students must be immediate, whether through initial Government investment or through investment by a financial consortium securitised against the future contribution from graduates.
- The scheme should ideally be cost-neutral to Government, with any initial Government investment being recovered in full from graduates.
- The overall amount of public funding and graduate contribution must at the very least deliver the Scottish Government's 'New Horizons' commitment to the broad comparability of funding for learning & teaching, research, and knowledge exchange with the rest of the UK, and to the maintenance of the sector's competitive position within the UK and internationally. It would be strongly in Scotland's interests to invest over and above comparability in order to enable Scottish universities to excel in relation to our competitors.
- Any graduate contribution scheme should also encourage, or at least not hinder, the efforts by Universities to augment other sources of income, for example, philanthropic giving by alumni.

#### **Timetable for implementation**

Urgent action is now required. A fair graduate contribution scheme, in accordance with the principles outlined above, should be introduced in Scotland as soon as possible. Universities Scotland believes that it would be possible to legislate for a scheme which would apply to those graduates embarking on an undergraduate degree programme at a Scottish university in academic year 2012-13. This would require urgent legislative action following the formation of the Scottish Government after the May 2011 elections.

#### **Moving from high-level principles to operational detail**

These principles should set the framework for a graduate contribution but there is much detail still to be determined. Universities Scotland urges that a short-life expert working group be convened as soon as possible by the Scottish Government. The remit for this group would be to look to move from the set of principles outlined above to the level of detailed modelling and costing necessary to arrive at a workable scheme for early implementation. This group's work would need to be informed by the evolving funding environment in England post-Browne and lessons learned from the experience of other jurisdictions. This group should be provided with the resource to draw on appropriate expertise and include representation from the key stakeholders. The group should conclude its deliberations and make a recommendation of a proposed model no later than June 2011 in order that legislation could be introduced early in parliamentary session 2011-12.

#### **Review and reflections**

Universities Scotland believes that the implementation of any model should be conditional on a commitment to review the scheme implemented following an appropriate period. The remit of such a review should be to ensure that it is working effectively for both students and universities in accordance with the values and criteria outlined above.

## Appendix A: Key principles for a Scottish solution

This appendix elaborates on the eight defining principles of the Scottish university sector as listed on page three. We believe these principles should guide the development of a 'Scottish solution'. These principles are as follows:

### **International competitiveness**

Scottish universities' international competitiveness is essential to their contribution to Scotland, both in terms of positioning Scotland as a leading 'knowledge economy' and in terms of attracting the academic, cultural and financial contribution of overseas students. Any 'Scottish solution' must protect this competitiveness.

### **A high-quality learning experience**

Funding changes will drive changes in the way students are supported to learn and, for some students, the shape of the learner journey. The quality of the learner experience must, however, be maintained in order to ensure that learners are supported to develop the graduate attributes which will enable them to succeed.

### **Wide access, regardless of socioeconomic background**

A 'Scottish solution' must protect the accessibility of university study to suitably-qualified applicants from the full range of social and economic backgrounds. This means at least maintaining universities' capacity to admit the current proportion of the school-leaver population, as well as providing lifelong learning opportunities and ensuring the accessibility of university education to students from under-represented socioeconomic backgrounds. It also means ensuring that students have access to appropriate maintenance support which enables them to succeed at university, and avoiding disincentive effects in any model for future financial contribution by graduates.

### **Research excellence**

A 'Scottish solution' must protect Scotland's capacity to produce world-leading research. SFC research funding is already heavily weighted towards supporting excellence wherever it occurs, and Universities Scotland supports this policy. As funds tighten (including UK Research Council and charitable funding of research), universities are likely to concentrate their efforts even further towards the most distinctively excellent areas of research. This should not, however, mean that research is exclusively concentrated into a sub-set of Scotland's universities. The results of the 2008 RAE demonstrate that all Scottish universities are producing research excellence in particular areas and this should be supported. A 'Scottish solution' should also incentivise universities' work to provide near-market research for industry and the 'knowledge exchange' by which businesses benefit from university expertise (often delivered at a cost to universities but with tangible benefits for business).

### **Diverse demands: diverse missions: diverse excellence**

Scotland's universities have a wide variety of missions, incorporate a diverse range of outstanding academic excellence, vary in their balance between research and teaching, and possess different profiles of student body. This diversity is a strength, enabling our universities to meet a range of different needs from learners, industry and society. Able to bring a breadth of expertise to collaborative endeavours, the sector has been able to deliver initiatives, such as research pooling, where the collective impact is genuinely greater than the sum of its parts. It also reflects an environment which has successfully engendered excellence by means of policies which promote both competition and collaboration. As a consequence, universities are constantly refining their offering to ensure that it meets the needs of a competitive market, always seeking opportunities to collaborate with each other, and with other partners including colleges, to ensure that each university has a distinctive portfolio of excellent provision. This diversity should be maintained and a tougher financial environment is likely to drive further specialisation of mission. All universities must, however, retain both teaching and research as core functions. This is an essential part of any 'Scottish solution', is central to the Scottish understanding of what a university is and underpins our universities' strong collective international performance.

### **Partnership and engagement**

In the face of public sector funding challenges Scotland's universities remain committed to working in partnership with one another and to engaging with other publicly funded bodies in order to continue to deliver the widest possible range of economic, cultural and societal benefits to Scotland. By means of collaboration the sector has been able to realise the benefits of sector diversity and to deliver innovative benefits such as the research pooling initiative. Building on existing collaborative activity and experience the sector will bring forward innovative shared service approaches to maximise value for money. Universities Scotland remains committed to tripartite engagement with the SFC and Government to take a constructive and active approach to future funding which will retain capacity and position the sector to continue to deliver the graduates, the research output and the knowledge exchange activity which will be central to Scotland's economic future.

### **Responsibility and initiative: autonomous, sector-led change**

It is first and foremost the responsibility of universities' governing bodies to decide how to respond to the challenges posed by reduced public funding. Robust contingency planning is already in hand and funding challenges will be responded to with still more stringent efficiency measures, increased collaborative action to reduce costs, and entrepreneurial initiative in securing non-public funding.

Although autonomous, universities work in an environment in which Government funding priorities and regulatory action are of critical importance. Universities therefore look to Government to create a policy environment which supports a creative university response to funding challenges, for example by retaining some capacity to make up-front 'spend-to-save' investment in sector-led restructuring, and by removing regulatory barriers to a more flexible and efficient 'learner journey'.

Change in the pattern of provision by universities will necessarily be driven by reduced levels of resources. In the same way that the sector has responded to previous reductions in funding, universities will undertake a radical reassessment of their portfolios of activity, and of where it may make sense for there to be a different alignment of provision between institutions. Government and SFC will be active partners in the re-shaping of provision including by means of workforce planning to meet the changing needs of public sector professions, the re-allocation of funded places to support changed patterns of provision, the oversight of changing patterns of provision to ensure a coherent response to learners' and society's needs, and through 'pump-prime' funding to support change. Solutions should not be imposed on the sector – they should be developed on the basis of working with universities' own dynamic response to change.

### **Financial sustainability**

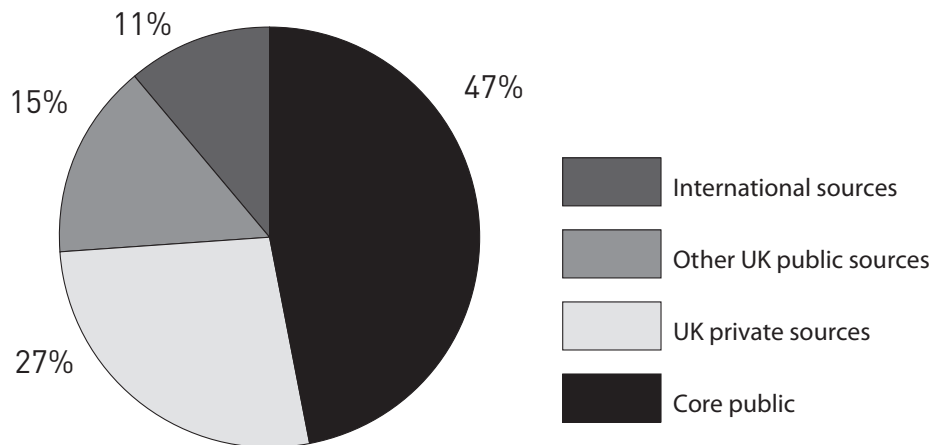
A Scottish solution must ensure that universities are secure in their financial sustainability. This is fundamental to the sector's ability to make its full contribution to Scotland's wellbeing.

# Appendix B: Key supporting data

Data to support the positions outlined in this paper are outlined below.

## 1: How are Scotland’s universities currently funded?

Less than half - 47 per cent - of the sector’s total funding currently comes from ‘core’ public funding as defined by that which is received from the Scottish Funding Council. Scotland’s universities have been highly successful at income generation through entrepreneurial activities such as competing effectively in international student markets and winning research grants and contracts from UK and international sources. Income from these two sources has increased by 139 per cent and 62 per cent respectively over the last six years.



Source: HESA, Resources of higher education institutions 2008-09

## 2: What is the social makeup of Scottish universities’ student population?

The student population in Scotland is diverse on many measures:	
Percentage of the population drawn from the most deprived neighbourhoods	11%
Percentage of students who are mature	40%
Percentage of students studying part-time to balance learning with other responsibilities	37%
Percentage of students declaring a disability	8%
Percentage of UK domiciled, first degree students at Scottish institutions who made the transition from an HNC or HND course to the second or third year of an honours degree at university	9%
Percentage of UK domiciled, first degree students at Scottish institutions who entered the second or third year of an honours degree at university	18%*

Source: HESA Student data 2008-09 & Learning for All: Fourth update report on measures of success, 2010.

\* This figure is derived from HESA data on the number of articulating students and the number of first year degree students who had appeared in the 2007-08 dataset at sub-first degree level and then subsequently in 2008-09 at a year of degree course greater than year one. Of the 12,866 UK domiciled first year students at Scottish HEIs with articulation codes 1-4, or year of course >1, 5,134 either articulated or progressed from sub-degree study to years two or three if a first degree course in 2008-09. It is assumed that at least 20% of the remaining 7,732 also entered on an advanced standing.

### 3: What is the demand for graduates of Scottish universities?

According to the CBI and the Bank of England, most growth in employment over the past 15 years has been at graduate level, and universities currently contribute around 30,000 new graduates a year to the economy plus an additional 20,000 people with postgraduate qualifications. In the most basic economic terms, graduates are indisputably vital to the Scottish public purse: **graduates are estimated to pay around 44 per cent of all income tax in Scotland** despite representing a significantly smaller proportion of the working age population.

Graduates are demonstrably meeting the needs of the economy: the latest longitudinal data shows that 84 per cent of those who graduated in 2004 feel that their current employment is appropriate to their level of qualification and Futureskills Scotland reports that 80 per cent of employers regard recent graduates as being well-prepared for work. Demand for graduate-level skills has remained strong throughout the recession. The CBI's 2010 report on education and skills 'Ready to Grow' reported that the majority of employers were concerned about the ability to fill high-skill posts, and projected a 55 per cent decline in demand for lower-level skills over the next 3-5 years balanced by increased demand for high-level skills.

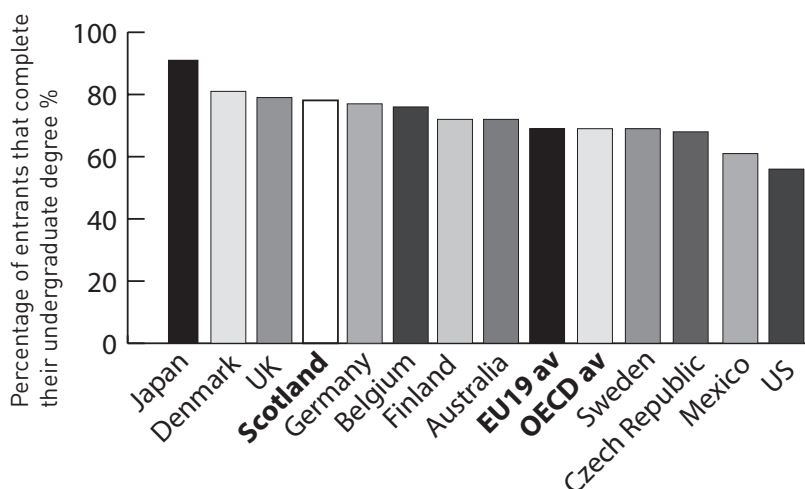
The statistics show graduates of Scottish universities are continuing to progress to positive destinations:

Percentage of first degree graduates of Scottish HEIs in "positive destinations" sixth months after graduation	
Year of graduation	per cent (%)
2004-05	92.1
2005-06	94.3
2006-07	95.1
2007-08	93.3
2008-09	92.1

Source: HESA, Destination of leavers of Higher Education. 'Positive destinations' are defined as employment and/or further study.

### 4: How many students at Scottish universities complete their studies as compared to those in other countries?

Scottish & UK universities compare well on this measure:



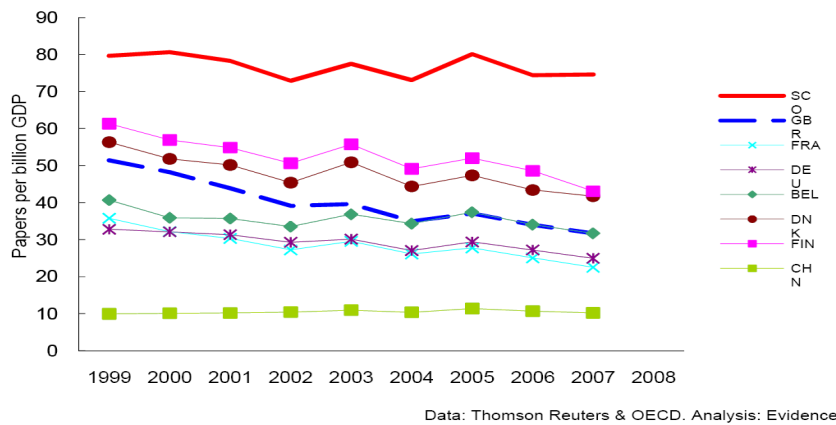
Source: OECD & HESA

The figure for Scotland was calculated as per OECD method for tertiary type-A programmes. The number of graduates from these programmes, divided by the number of new entrants to these programmes in the typical year of entry. Based on OECD's Education at a Glance, 2009.

### 5: How does Scotland's research output compare to other countries?

Scotland's output of academic papers relative to its share of GDP is more than twice the average for its comparator group and substantially better than any competitor nation.

**Chart 5.01 Papers per billion GDP**



Source: International comparative performance of Scotland's research base, Evidence Ltd report to the Office of the Chief Scientific Adviser, 2009.

### 6: Is it true that we have a high concentration of universities in Scotland?

No. Benchmarking against other small countries shows this not to be the case:

Country	Average number of students per university
New Zealand	22,432
Netherlands	15,642
Sweden	14,257
<b>Scotland</b>	<b>14,040</b>
Republic of Ireland	13,857
United Kingdom	13,733
Norway	11,930
Finland	8,425
<b>Average for all countries (mean)</b>	<b>14,261</b>

Furthermore, a consideration of different UK regions shows that population, student population and geography all need to be taken into account as shown below:

**Scotland:**

Scotland's percentage of UK geographical area	32%
Percentage of UK student population studying in Scotland	10%
Percentage of UK HEIs in Scotland	12%
Percentage of UK population living in Scotland	8%



**London:**

<b>London's percentage of UK geographical area</b>	1%
Percentage of UK student population studying in London	18%
Percentage of UK HEIs in London	24%
Percentage of UK population living in London	12%

**Wales:**

<b>Wales' percentage of UK geographical area</b>	6%
Percentage of UK student population studying in Wales	6%
Percentage of UK HEIs in Wales	7%
Percentage of UK population living in Wales	5%

Source: OECD & HESA

**7: Is it true that we have a lot of graduates compared to competitor economies?**

No, this simply is not the case. Countries around the world are investing to equip their workforce with high-level skills in order to compete in the global economy:

<b>Percentage of the population (age 25-64) which has attained Higher Education, 2007 (twenty highest performing nations)</b>	
<b>Country</b>	<b>per cent (%)</b>
Norway	31.9
United States	30.9
Netherlands	29.1
Iceland	26.1
Denmark	25.5
New Zealand	25.3
Canada	24.6
Korea	24.4
Australia	24.1
Japan	23.1
United Kingdom	22.7
Sweden	22.6
Switzerland	21.3
<b>Scotland</b>	<b>21.2</b>
Finland	20.9
Ireland	20.6
Spain	20.0
Poland	18.7
Luxembourg	17.7
Hungary	17.4

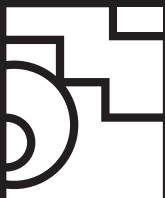
Source: OECD Education at a Glance 2009. Statistic for Scotland derived from Labour Force Survey Apr-Jun 2007

## 8: Why don't we just move to three year degrees?

One suggestion floated has been to shorten the current honours degree to the English three-year model. Universities Scotland does not believe that a universal move away from the four-year honours degree structure is a useful part of a 'Scottish solution'. Reasons for this include the following:

- The four year degree is recognised around the world and remains a key factor in Scotland's ability to recruit students from overseas. In Asia and in North America there is a well understood synergy between degree structures in these areas and the Scottish four year degree, and this is demonstrated in HESA figures which indicate the disproportionate success Scotland enjoys in recruiting in these markets. Any shift to shorter degree programmes would be regarded as 'dumbing down' and have a negative impact on recruitment.
- Unless the Scottish Government invests in a massive re-engineering of the school system to make the Advanced Higher the normal leaving qualification for students progressing to higher education, the four year honours degree will remain essential provision for the majority of school leavers.
- The proportion of first degree, undergraduate entrants already articulating, or entering to the later years of an honours degree with advanced standing, is approximately 18%.

**Universities  
Scotland**



Universities Scotland's first contribution towards a Scottish solution.  
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