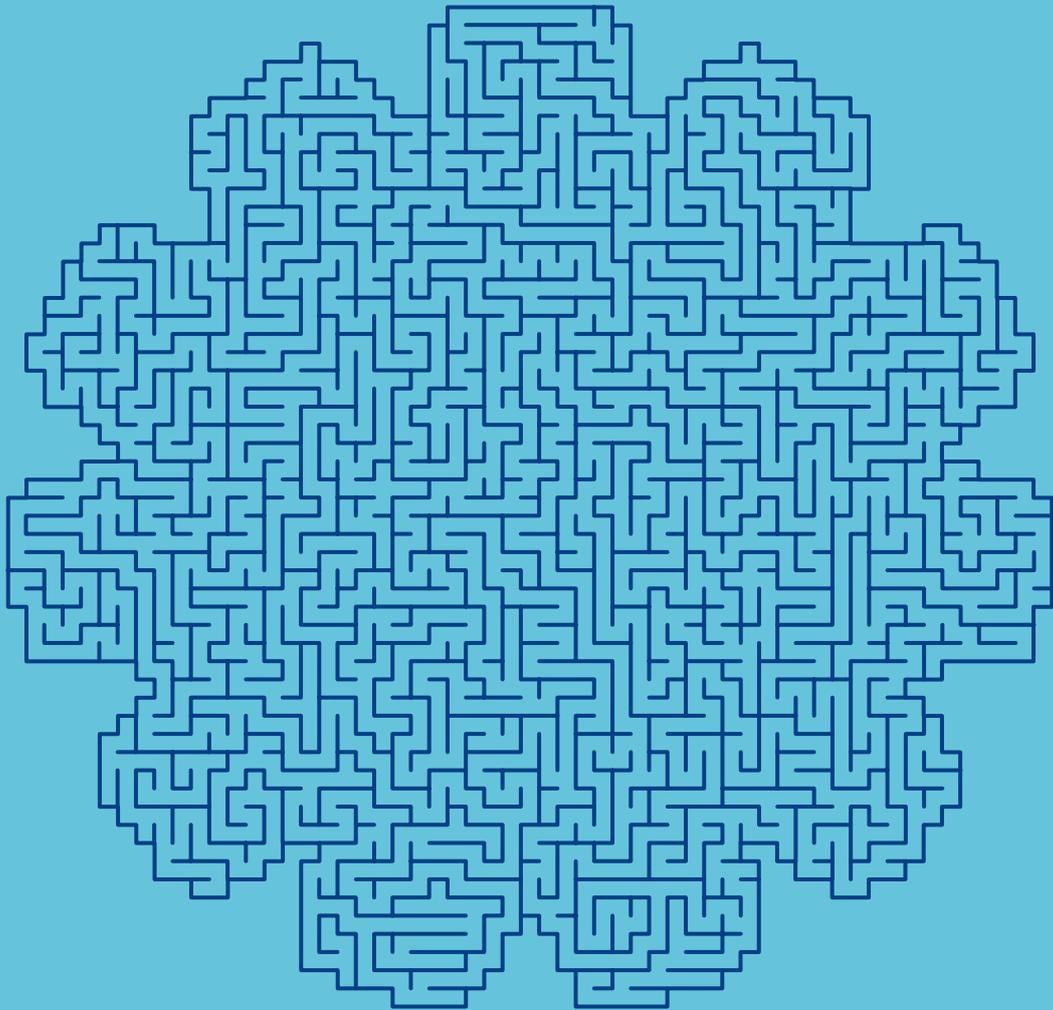


Universities
Scotland



The future of Scotland's universities

Universities Scotland's submission to
the Scottish Government 2020/21 budget

Universities see this year's budget from the Scottish Government as a pivotal point in their future.

It has become pivotal because over the last five years higher education funding has experienced a pattern of cuts to core budgets. Over five years the cuts:

- **add up to an 11.6% real terms decrease in higher education funding.**
- **mean there is now £127.6 million less invested each year into universities than in 2014/15.¹**
- **mean that every Scottish student at university in 2019/20 has almost £700 less Government funding invested in their education every year.**

This pattern needs to stop if Scotland wants to avoid a significant and long-term decline in the performance and contribution of its 19 higher education institutions.

¹ Scottish Parliament Education and Skills Committee (2019) *Agenda & papers for the meeting on 16 January 2019* p4.

A broad contribution to Scotland

Higher education makes a broad contribution to Scotland's economy, society and wellbeing and with the positive impact reaching much more widely than those who work or study at university. Mapped against the National Performance Framework, universities contribute to 28 of the Government's indicators across nine of the 11 outcomes (Figure 1).

Our development of people with high-level skills and our international competitiveness as a generator of ideas and innovations will be essential to Scotland's post-Brexit resilience. To keep the sector performing strongly and delivering for those who depend on it, we need to see a real terms growth in Government investment in universities' teaching and research grants in this budget.

When we look to the future, we want to be positive about the position and performance of Scottish higher education and ambitious about what higher education can deliver for Scotland. That's the reason behind June's *Vision for higher education in 2030*. We want higher education to be a core part of Scotland's identity as a prosperous, inclusive and outward-looking country.

We can't do that without the Scottish Government's support. We are asking the Scottish Government to invest in its higher education sector at a level that increases core grants in real terms.

We want the Scottish Government's 2020/21 budget to:

1. Commit to a 2% real terms increase in university teaching and research grants. This would start universities off on the first strategy of real growth in the HE revenue budget for five years. This would cost £39.4 million in 2020/21.
2. Make an additional investment of £12.5 million a year in university estates, taking the HE capital budget to a cash total of £50 million, still only half of its level in 2009.²

We have a responsibility to highlight when we think the sector has reached a pivotal point. Until now universities have worked hard to absorb cuts without compromising the quality of our teaching and research. They have worked hard to diversify and grow other sources of income. But ultimately, their ability to do that depends on them having the high quality teaching and research that attracts international students, wins contracts and attracts investors.

Successive cuts have not been matched by a scaling back of Government expectations of what universities deliver. Universities are doing more for society, across more areas of activity, than ever before but with £127.6 million less than five years ago. Earlier this year, Scottish higher education was independently identified as a “*declining system under pressure*”.³ A range of other metrics reinforce this (Figure 2).

Erosion of public funding cannot continue without compromising universities’ performance, outputs and wider contribution to Scotland. We appreciate there are no easy choices for Government but we believe it is a better route, and more economical, to invest now to protect a high-performing sector while it still delivers excellence, rather than to invest later to rebuild one that has declined substantially. That is the choice the Scottish Government faces in 2019.

We’re ambitious for Scotland’s future: we’re asking Scottish Government to back that ambition.

² Not including financial transactions.

³ European University Association (2019) *Public Funding Observatory Country Sheets*.

Figure 1: Scotland’s universities make a broad contribution to the National Performance Framework. This can be directly and easily quantified for over one third of the national indicators:



Figure 2: Higher education faces a range of cuts and cost pressures which have led to pivotal point for our public funding. This is reflected in a range of metrics:

An 11.6% real terms drop in funding to universities since 2014/15, which means universities have £127.6 million less in real terms to spend on the essential costs involved in teaching and research compared to five years ago.⁴

Funding for teaching has been hit, meaning that there is £700 less spent on the undergraduate education of every Scottish student in 2019/20 compared to five years ago.

10 higher education institutions reported a deficit in 2017/18, up from eight in 2014/15.

The amount of competitively-won research income Scotland's universities have been bringing back to Scotland from UKRI has fallen from a 14.8% share of all possible UK funds in 2014/15 to 14% in 2017/18. That suggests our competitive edge is slipping. That 0.8% drop is a loss to Scotland of tens of millions of pounds of potential research work and the high quality jobs that come with it.

There's a major backlog in maintenance in university buildings: over £850 million of investment is needed to return all university estates to a sound, operationally safe condition.⁵

Universities' rate of borrowing has accelerated in recent years due to offset cuts. The value of overall borrowing now stands at £1.3 billion, which is greater than the amount of public investment made in universities through Scottish Funding Council grants.

UK-wide pension contributions increases are estimated to cost the Scottish sector an additional £20 million, at least, every year.

We are committed to fair and competitive remuneration for our staff. Each 1% increase in the university sector's collective pay bill amounts to £16 million.

Scotland is exceptional among peer nations for reducing its investment in higher education. Countries including Norway, Germany, Austria, Belgium, Denmark, Sweden, France and Switzerland have all increased their investment in higher education over the past decade.⁶

⁴ Scottish Parliament (2019) *Education and Skills Committee Agenda & Papers 16 January 2019*.

⁵ Analysis for the Scottish Funding Council.

⁶ European University Association (2019).

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