

# Universities Scotland submission to the Advisory Group on Economic Recovery

31 May 2020

## Executive Summary

1. Universities Scotland is pleased to respond to the Group's letter of 15 May inviting our input.
2. Universities are at the same time:
  - significant economic actors in their own right;
  - the growing choice each year of tens of thousands of people living in Scotland to pursue their learning and development;
  - the catalysts of inclusive growth, innovation and adaptation across the economy and in places across Scotland; and
  - a vital element of our society, working closely with our public services, as part of community partnerships and to enhance broader wellbeing.
3. Shortly before the pandemic we set out examples of our contribution, both across the National Performance Framework<sup>1</sup> and in partnership with industry and public sector<sup>2</sup>.
4. With ambition and a focus on adaptation, we will play a strong and diverse role in this recovery, through:
  - ensuring that Scottish higher education remains renowned for its quality and a valued partner locally and internationally;
  - continuing to meet the ambitions of individuals; widening access; and enabling all learners to thrive in a challenged and changed labour market, supporting and preparing individuals to navigate difficult times building their adaptability, resilience and commitment to lifelong learning;
  - creating new businesses and working with existing ones, and with our public services and the third sector, to innovate, adapt and enhance productivity;
  - sustaining and enhancing communities and places and drawing in investment;
  - reshaping international partnerships and export opportunities for our sector and for others;
  - contributing to Scotland being at the forefront of meeting global and societal challenges; and
  - continuing to have a net positive fiscal impact at a time of constrained public finances.
5. In this submission we have set out a number of ideas and adaptations which, taken with our substantial continuing impacts, will make a major contribution to economic recovery. We see value in particular in:
  - collaborative research to address key post-pandemic issues for society and the economy;

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<sup>1</sup> <https://www.universities-scotland.ac.uk/wp-content/uploads/2019/09/US-Budget-request-doc-webready-single-UPDATED.pdf>

<sup>2</sup> <https://www.universities-scotland.ac.uk/business-and-universities-pledge-a-closer-partnership-to-drive-scotlands-economic-growth/>

- new / enhanced ways of stimulating university-business collaboration to enable business to emerge stronger from the post-Covid recession, making full use of resources available at the UK level. Further, existing schemes within Scotland should be adapted. Our experience is that the definitions of ‘innovation’ used in many schemes limit the scope to support organisations, particularly SMEs. These barriers should be addressed;
  - retaining and developing peoples’ talents during and beyond a recession, through:
    - helping graduates to develop further/ specialised skills to succeed in the post-Covid labour market;
    - meeting the likely further demand for university courses, be that undergraduate, graduate apprenticeships or masters courses; and
    - adding additional shorter cycle upskilling / reskilling opportunities for people whose employment is detrimentally affected; and
  - ‘building back better’ for a sustainable sector, enhanced by partnerships across the private, public and third sectors.
6. We have also set out new evidence, commissioned from Biggar Economics, for the relationship between investment in higher education and in R&D on the one hand, and economic and fiscal benefit on the other. For example, from the perspective of the Scottish public finances (since not all taxes are collected in Scotland), the investment in funding an undergraduate degree:
- has a rate of return of 7.2%;
  - is repaid 19 years after a student’s graduation; and
  - generates over a graduate’s lifetime a net benefit to public finances of £22,000.
7. Further, an increased investment in R&D of 8.6%:
- yields a net benefits from increased taxation worth NPV £3.5 billion;
  - a rate of return of 27.1%; and
  - is exceeded by the tax revenue generated as a result by year 6.
8. As one of Scotland’s key economic sectors, we are facing a profound financial challenge as a result of this pandemic, amplified by a funding system that assumes a cross-subsidy from the very categories of activity most impacted. The sector faces significant immediate losses of over £70m and projected losses in the coming academic year in the order of £400m.
9. We are each doing all that we can to meet this challenge from within our own resource and are considering further collaboration between institutions, and with other parts of the education sector, to ensure all learners have access to opportunities that meet their ambitions and needs. Like other sectors, higher education will most likely be affected not just by the immediate crisis but also by a changed operating context over the medium to long term. We will adapt, reconfiguring our operations and our domestic and international partnerships. We want to deepen and change our collaborations with business and public services, to be a strong part of addressing the new challenges they face after the pandemic.
10. In doing this, we need to hold onto the value of what we have. The diversity of our institutions’ missions and specialisms means that we are well placed to meet the diverse needs of learners, public and third sector organisations and of businesses. We will build change on the basis of a shared commitment to the common good, and a commitment to ‘building back better’.

11. The scale of the financial challenge also means there is a need for both the Scottish and UK Governments to act to support the public good our institutions create, and whose public funding flows from both devolved and reserved decision-making, thereby securing the sector's capacity to play our economic, cultural and civic roles to the full.
  
12. In answering the Group's structured questions below, we have reflected on our diverse roles and the connection between them. We would be pleased to offer further examples in areas of interest to the Group or to discuss our proposed actions.

## Responses to the Group's thematic questions

### Macro-economic and Fiscal

#### **What will be the shape and form of the recovery from the crisis and what will be the implications for the future growth and structure of the economy?**

13. It is clear that we are experiencing a profound economic shock. Whilst a recent Bank of England scenario foresees a 'v shaped' recovery for the UK economy<sup>3</sup>, that scenario is subject to a number of sensitivities and there is a (perhaps growing) concern that we will see a 'u shaped' recovery with impact trailing over a number of years. Recovery from the pandemic will of course interact with changes already in train to respond to the global climate crisis and a reframing of global trade, most prominently for the UK as a consequence of Brexit.
14. We will play a strong and diverse role in this recovery, through:
- supporting individuals to thrive in a challenged and changed labour market through the development of higher level skills;
  - creating new businesses and working with existing ones, and with our public services and the third sector, to innovate and adapt;
  - as anchor institutions, sustaining and enhancing communities and places and drawing in investment; and
  - reshaping international partnerships and extending / facilitating export opportunities.

### Universities and Fiscal Impact

15. Universities Scotland has commissioned Biggar Economics to consider the relationship between investment in universities and in R&D in advanced economies across the world and their GDP and productivity growth, labour force participation and unemployment rates. We have provided that report alongside this submission.
16. This economic shock will have equally profound fiscal implications with a reduction in taxation income at the UK and Scotland level. The Biggar Economics report considers the positive fiscal impacts of investment in higher education alongside the wider economic benefits. Drawing on economic data from the advanced economies it finds that higher levels of investment in HE and in R&D are correlated with:
- higher Gross Domestic Product (GDP) per capita;
  - higher growth in productivity;
  - higher labour force participation; and
  - lower youth unemployment.
17. Further, an economic and fiscal analysis of the costs and benefits of HE investment, finds that overall, by funding an undergraduate degree, the Exchequer will:
- have a net fiscal benefit of £78,000 NPV over a graduate's lifetime;
  - repay the investment made eleven years after the student's graduation; and
  - make an investment with a rate of return of 12.7%.
18. From the perspective of the Scottish public finances (since not all taxes are collected in Scotland), the investment in funding an undergraduate degree:

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<sup>3</sup> <https://www.bankofengland.co.uk/-/media/boe/files/monetary-policy-report/2020/may/monetary-policy-report-may-2020.pdf>

- has a rate of return of 7.2%;
- is repaid 19 years after a student's graduation; and
- generates over a graduate's lifetime a net benefit to public finances of £22,000.

19. The report also notes the positive fiscal impact of investment in university R&D, including a 'crowding in' of private investment in R&D. An increased investment of 8.6%:

- yields a net benefits from increased taxation worth NPV £3.5 billion;
- a rate of return of 27.1%; and
- is exceeded by the tax revenue generated as a result by year 6.

#### Universities, export and FDI

20. The pandemic has impacted differentially on sectors in Scotland. We have reflected in answers to the Group's other questions on mechanisms through which universities could build on existing strong links to help each sector adapt and thrive. Those measures are primarily domestic ones, although there is of course a strong relationship between innovation and export activity.

21. Universities are a major export sector in their own right and the quality of our research base, which is an essential foundation to the sector's impacts, is enhanced significantly by its international links. A large drop in international income is at the heart of the immediate and medium term significant impact in our sector. Scottish Government has begun conversations about how it might support our continued attraction of international students however we need these to intensify towards tangible actions. That will not only support our institutions but it will mitigate the shock to our export impact - which before the pandemic made a £1.94bn net economic contribution to the Scottish economy, equating to a 2.4% share of Scotland's exports<sup>4</sup>.

22. We are considering how we might adapt and collaborate in an international setting including a growth in partnership delivery 'in country' on existing campuses of Scottish institutions across the globe and through partnerships with institutions in other countries.

23. Before the pandemic we were working with the Scottish Government to identify how the global alumni of our institutions might be more fully involved in the export efforts of companies based in Scotland. For instance, we had commenced work to map alumni by country / city region and industrial sector. That knowledge would support targeted in-country work. We believe this work will have increased value in the post pandemic world.

24. Scotland has recently performed well in attracting FDI, most notably from R&D based companies who cite the talent and expertise in our universities as a major factor in their investment decisions. Before the pandemic, universities were looking forward to a discussion with Scottish Government as part of the development of the 'Investment Plan' about how we could enhance responses to FDI propositions through early and co-ordinated engagement.

25. Relatedly, universities' research capacity is sustained by the ongoing leverage of £800m per annum from competitive sources from across the UK and beyond. Through what is termed the 'dual support system' this leverage is complemented by direct investment by the Scottish Government through the Scottish Funding Council's Research Excellence Grant of £240m per annum. This is an important economic impact in its own right, creating many thousands of jobs

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<sup>4</sup> Source: Scottish Government (2019) Trading Nation

directly. It is also the foundation from which we can deliver high level skills, company creation, and support innovation in sectors across the Scottish economy, all of which creates and sustains jobs across the economy.

## Micro-economic and Enterprise

### **What are the medium- to long-term consequences of the lockdown on businesses, including loss of employees, debt overhang, loss of markets, reduced investment and unemployment?**

#### Supporting other sectors and organisations across the economy

26. Our partnerships with the private, public and third sectors will be changed by this pandemic. It will have a deep impact on levels and patterns of employment in sectors and across the economy as a whole. The types of skills needed will also shift. We reflect on this in responding to the next question on the labour market.

#### Adaptation and Innovation

27. The Bank of England has set out a scenario<sup>5</sup> for the post Covid UK economy which anticipates a potential significant dampening of investment in innovation and, therefore, a reduction in productivity. We believe this can be mitigated significantly, with the right approach and support. As noted in the report from Biggar Economics, submitted to the Group alongside this document, innovation drives economic growth and *vice versa* and international comparison points to the value of an active role for government, investing in action.

28. We have a strong record of partnership within Scotland to support innovation:

- each year working with over 20,000 Scottish organisations on formal knowledge exchange projects alongside a wealth of informal interactions; and
- a 2016 Scottish Enterprise study<sup>6</sup> found that 45% of innovation-active companies surveyed saw universities as collaborative partners in delivering their innovation projects, higher than public agencies and commercial R&D partners.

29. Building from the Muscatelli Report<sup>7</sup>, we are considering, at pace, how this significant foundation of work across the Scottish economy could be grown in a setting where partners will have limited scope for investment in the short to medium term, in particular Scotland's SMEs.

30. Our commercialisation offices and Interface<sup>8</sup>, an organisation that matches universities expertise to business needs, have strong and effective links with organisations across Scotland and can make a significant contribution to our economy 'building back better', including accessing support to enable organisations to adapt.

31. To this aim, we believe that support mechanisms should be modified. Our experience is that the definitions of 'innovation' used in many schemes limit the scope to support organisations, particularly SMEs. These barriers should be addressed.

32. Initial ideas will require partnership with Government and agencies. These include:

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<sup>5</sup> <https://www.bankofengland.co.uk/-/media/boe/files/monetary-policy-report/2020/may/monetary-policy-report-may-2020.pdf>

<sup>6</sup> Scottish Enterprise (2016) A Strategic Review of Innovation Support. "Innovation-active" is defined as companies that have received innovation support from H&IE or SE at any point over the last decade

<sup>7</sup> [https://www.gla.ac.uk/media/Media\\_700300\\_smx.pdf](https://www.gla.ac.uk/media/Media_700300_smx.pdf)

<sup>8</sup> <https://interface-online.org.uk/>

- universities have been at the heart of the health response to the pandemic, both in partnership with hospitals and in developing modelling, testing and therapies. Additionally, the Scottish Government has funded a number of specific research projects to support the country's response<sup>9</sup>. There is scope to build on this model with supported collaborative projects between universities and public or private partners to address a further range of health, economic and societal challenges arising from the pandemic. Projects could support the adaptation and enhancement in quality and efficiency of services. For example, the pandemic has highlighted the challenges faced by the care sector and there is much here to build on from existing projects on 'healthy ageing' between universities and care and accommodation providers;
- businesses will have a sharply increased need to reinvent their products and processes, and yet will have reduced resources to do that. We need to re-shape the ways in which universities can help them do this. We have a strong track record of working with businesses of all sizes, using schemes such as 'Innovation Vouchers' (IVs). The IV model is well-suited to the anticipated post Covid economy because it allows businesses (including third sector organisations) to 'match' project funding with an 'in kind' contribution such as staff time rather than cash. Applications are considered under a streamlined process, reducing the bureaucratic burden on applicants. An expansion of this model would be impactful. The current format is limited to £5,000 funding with 'follow-on vouchers' of up to £40,000 requiring a matching cash contribution from businesses' partners. Larger projects based on the 'in kind' model would help to address businesses' constrained capacity to invest and could be focused on particular sectoral challenges, including in the third sector, where health and social care organisations are highly represented. Investment could be drawn from capital underspends across Government, because focused through universities, this activity would be categorised as capital spend;
- the creation and promotion of new networks of informal advice on adaptation for impacted sectors. For example we are working with Interface to deliver "*Adopt a business – tourism & hospitality*" following on from discussion with Visit Scotland, Scottish Tourism Alliance and others;
- there is a range of existing UK-wide schemes for university-business partnership that Scotland could have an increased ambition to use to support businesses, fostered by advice agencies. As with innovation vouchers, these schemes have the benefit of a limited or zero cash contribution from companies. For example, many Scottish organisations have benefitted from funded placement of postgraduate students to pursue innovation projects through mechanisms such as Knowledge Transfer Partnerships<sup>10</sup> and a range of UK Research Council placement schemes<sup>11</sup>. Scotland should seek to maximise the use of these mechanisms and, where company cash contribution is required, consideration should be given to subsidising this for a period. As noted above, if channeled through the university partner this could be resourced through capital spend; and
- an adapted approach to the operation of business incubation and 'science park' operations which are vital in the creation and nurturing of early stage companies. Research for the Scottish Government 'Can Do Forum'<sup>12</sup> highlights that the strong majority of Scotland's

<sup>9</sup> <https://www.gov.scot/news/rapid-coronavirus-research/>

<sup>10</sup> <https://www.ktpscotland.org.uk/>

<sup>11</sup> For example: <https://edinburghcentre.org/news/NERC-%20PhD-student-placements>

<sup>12</sup> [https://www.thedatalab.com/wp-content/uploads/2019/05/Scottish-Entrepreneurial-Ecosystem-Guide-V1\\_March-2018.pdf](https://www.thedatalab.com/wp-content/uploads/2019/05/Scottish-Entrepreneurial-Ecosystem-Guide-V1_March-2018.pdf)

business incubator capacity is sustained by universities from within our own resources. Universities are adjusting the operation of these facilities to contend with the economic impact on early stage companies and with a view to sustaining the pipeline of company creation. Government needs to be proactive in seeing this capacity sustained.

33. In the medium term, we see a case for a new model of academic, industry and government partnership. Scotland's research base is hard-won and is sustained in the face of very strong international competition. We also have valuable assets in Research Pools, Innovation Centres and facilities such as the National Manufacturing Innovation Centre. The pandemic should drive an ambition to move beyond this foundation. There are models<sup>13</sup> internationally that:
- combine, with equal esteem, globally recognised research excellence alongside commercialisation of research;
  - draw on a range of fields and attract the very best global talent within them, guided by consistent leadership;
  - are supported for the long term by all partners including government, with periodic reviews of strategy;
  - are internationally focused, both in their staffing and their partnerships; and
  - create and sustain companies and attract investment.
34. This model should be explored to respond substantially to the challenge of the pandemic and its longer term impacts, of course, but also to the needs of our key sectors and to pre-existing and related multi and interdisciplinary challenges such as adapting to climate change or an ageing society.

#### Infrastructure and capital investment

35. Universities are at the heart of infrastructure development across Scotland, most notably on our campuses and surrounding areas. Increasingly, these developments are partnerships with the public and private sectors, creating or renewing commercial, civic and cultural assets. In many cases it is universities that leverage capital investment from UK or international sources. Our capital investment yields major direct economic impacts in the Scottish economy with a GVA of over 5:1 for every £1 invested<sup>14</sup>. The major facilities created<sup>15</sup> are magnets for inward investment and local and international business partnerships. Further, in pursuing our investments we make wide use of local contractors. When a group of projects were analysed in 2018 it was found that over 95% of contractors were based in Scotland.
36. Currently, the slowing of investment plans is a component of many our institutions' responses to the significant challenge to our finances. This will reduce construction activity in the economy.
37. We are at the heart of City Deals across Scotland and the transformative action and investment within these, be it data-driven innovation in Edinburgh and South East Scotland or oil and gas and agri-food in Aberdeen. We are now reviewing at pace whether the impact of the pandemic across our City Deal partners will negatively affect those plans across Scotland. The programmes

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<sup>13</sup> For example: <http://www.vib.be/en/Pages/default.aspx>

<sup>14</sup> <https://www.russellgroup.ac.uk/media/5256/economic-impact-of-the-capital-investment-plans-of-the-russell-group-universities.pdf>

<sup>15</sup> For example the Advanced Forming and Research Centre at the University of Strathclyde <https://www.strath.ac.uk/research/advancedformingresearchcentre/> or the UK Supercomputer ARCHER at the University of Edinburgh <https://www.epcc.ed.ac.uk/facilities/archer>



of investment will now be of even great importance, with each bringing positive adaptation and change to regional economies.

38. Looking ahead, there is a case for a renewed consideration of public – private – university partnerships to unlock mutually beneficial capital projects. It has been the experience of previous recessions that such partnerships around a vision can bring significant impacts, for example our members in Dundee have been prominent partners in the V&A Dundee, secured and developed through a period of austerity and economic challenge.

#### Universities as a sector

39. The pandemic has had a profound effect on universities' finances, in turn affecting our ability to act across the economy including the direct impact on the Scottish economy from our own operations. At the same time as being at the heart of the effort to address the health and broader impacts of the pandemic, we have suffered an immediate financial loss of up to £75 million and face a far deeper impact in the coming academic year, of potentially over £400 million<sup>16</sup>. We are using all routes to meet this financial challenge: through our own financial resources; deploying UK Government schemes such as 'furlough' (although this has relatively limited application to the HE sector); and discussion with lenders. The Scottish Government has made a welcome investment of £75m to contribute to a protection of the research and innovation base<sup>17</sup>. However, in the face of a challenge of this scale and without a broader package of support - most notably through UK Government support for research and innovation – our governing bodies face decisions about significant cost reductions at their budget meetings in the coming weeks. This will include decisions on future staffing levels. Our challenge arises in very large part from the loss of international student fees – which will be most pronounced in the coming academic year - and lost income from conference and accommodation activities. The impact of these losses is amplified by the fact that it is these very categories of activity that cross-subsidise research and teaching Scottish domiciled students, the latter of which is funded by the Scottish Government at only 90% of its full economic costs.
40. We have begun to consider how to adapt beyond a period of stabilisation from the shock of the pandemic. Recent months have changed the context for considering the future organisation and delivery of learning and teaching and of research. We are also considering how we organise and deliver support services.
41. We will collaborate further between institutions, and with other parts of the education sector, to ensure that all learners have access to opportunities that meet their needs.
42. We can anticipate the pace of change in teaching and learning accelerating from what we experienced before the pandemic, mirrored by changed approaches to ensure a continuing high quality student experience.
43. Our collaborations with the private, public and third sectors will change as they all adapt and we will look to play our part in supporting that adaptation.

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<sup>16</sup> [http://www.sfc.ac.uk/web/FILES/covid-19/SFC\\_briefing\\_note - COVID-19 Further and Higher Education Financial Impacts.pdf](http://www.sfc.ac.uk/web/FILES/covid-19/SFC_briefing_note_-_COVID-19_Further_and_Higher_Education_Financial_Impacts.pdf)

<sup>17</sup> <http://www.sfc.ac.uk/news/2020/news-80815.aspx>

44. In doing all this, we need to hold onto the value of what we have. The diversity of Scotland's institutions, and the diversity of their missions and specialisms, means we are well placed to meet learners' diverse needs. It also helps us meet the diverse needs of businesses right across the Scottish economy. We will build change on the basis of a shared commitment to the common good, and a commitment to 'building back better'.

### Labour Market and Inequalities

#### **What will the implications of the recovery be for different groups, unemployment and on the nature of work? How is the recovery likely to impact on socio-economic inequality as a whole?**

45. Universities are 'anchor institutions' across Scotland's communities. We offer high quality employment for our workforces and deliver hugely significant learning and training to people, companies and other organisations. Each year we graduate more than 80,000 students and deliver CPD courses for more than 2,500 organisations and over 30,000 individuals. Recent years have seen the addition of Graduate Apprenticeships and additional opportunities for individuals to upskills / reskill under short-cycle courses. Further, universities offer a significant volume of community learning and 'open source' online courses. To sustain these impacts we will need to adapt to the changing needs of individuals and organisations whilst also meeting the profound shock to our finances noted above.
46. It is clear that the pandemic has caused a significant impact on employment. The Bank of England has set out a scenario<sup>18</sup> which envisages a rise in unemployment to 9%. This would see an increase in unemployment in Scotland of over 100,000. The latest unemployment figures for Scotland<sup>19</sup> suggest the impact will be of at least this scale.
47. This impact will probably fall differentially across the labour market, with stronger challenges for some sectors and for certain age groups and qualification levels. Depending on the mix of employment in these at risk sectors in different places across Scotland we also envisage a geographic variation in impact.
48. We offer learning to a wide range of age groups. However, we are particularly concerned that it is anticipated the recession following the pandemic will particularly impact the young<sup>20</sup>. Drawing on the experience of previous recessions, we expect that:
- graduates will navigate a changed labour market more successfully than the population overall but those experiencing unemployment may see its effects in their longer term career progression;
  - an already increasing ambition for university education amongst school and college leavers will be increased;
  - many graduates and non-graduates will look to access training and development, be it full time taught postgraduate (TPG)/ Masters programmes or shorter-cycle accredited provision; and

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<sup>18</sup> <https://www.bankofengland.co.uk/-/media/boe/files/monetary-policy-report/2020/may/monetary-policy-report-may-2020.pdf>

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<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/may2020#unemployment>

<sup>20</sup> <https://www.resolutionfoundation.org/publications/young-workers-in-the-coronavirus-crisis/>

- many new graduates may 'shield' from a challenged economy by living at the family home, thereby limiting their mobility to take up work.

49. We note a number of other countries, including economies often compared to Scotland such as New Zealand<sup>21</sup> and the Nordic nations<sup>22</sup>, have already taken decisions to make additional investment in high level skills as part of a package of measures to support individuals and the post-Covid economy.

#### Universities' adaptation of offer

50. The lockdown prompted a significant and swift change in our delivery of learning and teaching. Building on our wide experience of working online, we shifted swiftly to a wholly online offering. Looking ahead, even with a shift in public health guidance, we anticipate that there will be an ongoing need for some online delivery with potential for its expansion to meet new needs.

51. Last year we set out<sup>23</sup> how, for smaller economies such as Scotland, high-level skills are a necessity to ensure that we can continue to compete in a global context where artificial intelligence, data science, robot and digital technologies drive innovation.

52. We believe the case for high level skills remains strong, reshaped by the impact of the pandemic. As a result, we are considering how the following will support recovery and adaptation:

- Taught Post Graduate (TPG) courses are a regular choice of new graduates and others in the workforce to further develop their skills. An increase in TPG study at this point would support both the new graduate cohort and many thousands of others during the immediate economic impact of the pandemic and contribute to Scotland's workforce and organisations emerging stronger. To achieve this:
  - consideration should be given to increasing the number of fully funded TPG places in key economic sectors;
  - the current TPG loan support package should be enhanced; and
  - the university sector is considering whether, in combination with the above, the reduced fee for TPG courses offered by each institution to their own alumni might be offered reciprocally across the sector;
- the deployment of graduate apprenticeships tailored to sectors. Whilst industry might face a challenge in the short term in investing in training, many sectors are acutely aware from the last recession of the medium term impacts on the skills pipeline;
- last year we highlighted that flexible incentives for institutions could drive the development of new approaches to upskilling and lifelong learning. For example, developing 'microcredentials' that can be stand-alone skills-driven modules or be part of a postgraduate qualification. Much has already been achieved and we believe there is a need now for an

<sup>21</sup> <https://www.universitiesnz.ac.nz/latest-news-and-publications/budget-announcements-recognise-universities%E2%80%99-role-rebuild>

<sup>22</sup> <https://www.timeshighereducation.com/news/sweden-boosts-university-places-pandemic-spurs-rush-reskill>

<https://www.regjeringen.no/en/aktuelt/a-budget-to-help-us-safely-reclaim-ordinary-life/id2701787/>  
[https://yle.fi/uutiset/osasto/news/universities\\_in\\_finland\\_to\\_hike\\_admissions\\_to\\_dam\\_youth\\_unemployment/11350173](https://yle.fi/uutiset/osasto/news/universities_in_finland_to_hike_admissions_to_dam_youth_unemployment/11350173)

<sup>23</sup> <https://www.universities-scotland.ac.uk/wp-content/uploads/2019/08/Tomorrows-People-2019-v-1.0.pdf>

expanded offer of short-cycle provision for upskilling and reskilling individuals and how this might be financed;

- how the placement of students in organisations as part of their courses can be sustained during a period of recession and how those placements might offer capacity to some organisations particularly affected, for example the third sector; and
- each university has developed an excellent portfolio of digital resources to support learning on its own courses and much of this is freely available to the public. Of course the Open University (Scotland) is also a world-leader in distance education. We are considering how we can best enable access of these resources by the Scottish public, who are adapting to working and learning remotely. That might best be achieved by the unified presentation of our 'open source' learning materials including MOOCs.

53. These proposals, along with universities' existing contribution, can play an enhanced role in the Scottish Government response to increased unemployment, for example through the Scottish Government Partnership Action for Continuing Employment (PACE) system.

54. We are also the trainers for a wide range of professions in the economy. This has been prominently illustrated during the pandemic through our partnership with the NHS through medical and nursing training. We anticipate the pandemic and resultant changes in the economy and professional roles will be reflected in our ongoing dialogue with professional and statutory bodies as we continually adapt our curricula.

#### Ensuring a continuing progress in widening access

55. We have made significant progress in widening access and have set out our own actions to sustain this<sup>24</sup>. Factors that could impact on continuing progress include:

- disruption to school and college education, including digital poverty affecting engagement with online learning and lack of study space at home;
- disruption to university widening access programmes, particularly in delivery of events and visits;
- impacts on student employment, impacting particularly on part-time students; and
- an intensification of the already increasing competition for university tuition amongst Scottish learners.

56. We are concerned about these developments and are working to understand the full impact of the crisis so that we can develop appropriate interventions, working with partners. In the meantime, we have been supporting our disadvantaged students to access online learning and ensuring that we support applicants who will start in Autumn 2020.

#### Wellbeing, Inclusive Growth and Net Zero

##### **What can be done now to ensure the transition to a wellbeing-oriented, inclusive economy on a transition to net zero?**

57. Universities have always played a part in stimulating and supporting societal and economic change. We are at the forefront of transition to a net zero economy both as organisations in our own right and in our work across Scotland and beyond.

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<sup>24</sup> <https://www.universities-scotland.ac.uk/publications/working-to-widen-access/>

58. As owners of large and complex estates, and as responsible organisations, we are transforming our own operations to reduce the environmental impact we have, working with local partners. We are reducing our production of greenhouse gases and taking action to remove single-use plastics from our operations. The pandemic has hastened discussions about the relationship between the operation of our global organisations and partnerships and the climate impact of those operations. As noted above, we are considering changes to our international operations. Within Scotland each university has adopted challenging targets for achieving net zero in their operations and will continue to pursue these.
59. More broadly, through our research and education, we are enabling the adaptation of our economy and society to the climate challenge whilst also raising our collective understanding and appreciation of our environment and the effects of human actions. In doing so, we are fostering partnerships across the world, leveraging investment into new technologies and making Scotland one of the world's pacesetters in creating and deploying them.
60. We are a close partner with industry, communities and government in pursuing the Scottish Energy Strategy. Universities' world leading research is making a contribution to the development and deployment of renewable energy sources and to enhanced 'energy productivity'. In doing so we are building on our research expertise and staff and student talent to play our role in catalysing transformative investment by both private and public sectors. As is the case across other sectors, it is clear that the energy sector will have a diminished capacity to invest. The International Energy Agency notes<sup>25</sup> the biggest fall in global energy investment in history, with serious implications for energy security and clean energy transitions. There is therefore a case for an intensified Government and university partnership with industry to sustain and grow investment levels and technological progress.
61. Drawing on expertise across our sector, including through key collaborative structures such as the Energy Technology Partnership, our aim remains to research and act to tackle the environmental challenges including energy, agriculture, transport, construction and manufacturing.

## Government, Policy and Delivery

### **How will the crisis change the role and relationships between UKG/SG/Las, business and other institutions?**

62. We have reflected throughout this submission on the immediate and potential longer term impacts on universities and how we are seeking to stabilise our finances and operations whilst also commencing a process of adaptation and innovation. Our aim is to remain 'anchor institutions' and to act with ambition to enhance our contribution and partnerships.
63. Further, we play an important role in policy formation and throughout the pandemic university staff have been key advisers, supporting the public understanding of disease and public health measures.
64. Overall, our ambition is to:
- meet the rising level of demand for university education from people across Scotland;

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<sup>25</sup> <https://www.iea.org/reports/global-energy-review-2020>

- adapt and diversify our offer to meet the needs of people and organisations in changed and challenging times, including those affected by recession;
- build on the example of our partnership with the NHS and industry in addressing the pandemic with enhanced partnerships with a wide range of industry sectors, public services and government - including good policy formation; and
- remain international organisations, rooted in and contributing to Scotland.

65. To do so, like many organisations, we will need to sustain ourselves through the coming months. The financial challenge we face is particularly serious given the reliance upon income streams that have been most affected by the pandemic.

66. The pandemic has made it necessary to focus on the immediate and essential and has demanded a rapid change in approach. We are using this as the foundation for a more deep rooted discussion about how we operate as organisations in future – both individually and together.

67. And just as we and other organisations have changed and innovated, so has government. For instance, the Scottish Funding Council decided on a range of measures to adjust the bureaucratic burden on institutions whilst maintaining key reporting requirements. A positive legacy of the pandemic should be a fresh questioning of such systems and a resulting streamlining.

### Lessons / Data / Insights

#### **How do we ensure that we learn from the impact of the crisis and respond accordingly?**

68. We anticipate the acceleration in the use of technology in our own operations will be sustained. We will, in time, return to face-to-face tuition and, as before the pandemic, complement this with digital resources and online delivery. However, our rapid transfer to wholly online delivery, building on a strong foundation already in place, will most likely have an enduring legacy which will enhance the student experience and drive innovation. This will be complemented by likely changed approaches in professions across our economy, which will in turn be reflected in our curricula.

69. As sectors and organisations make technological adaptations we can make a contribution to that journey, drawing on university expertise in ways such as those identified earlier in this response.

**ENDS**