



## Universities Scotland's briefing for the Education, Children and Young People Committee to inform pre-2022/23 Budget Scrutiny

We are grateful for the Committee's role in pre-budget scrutiny. Scotland's universities are hopeful that the Scottish Government's budget will invest additional resource into universities to support students and staff to overcome the impact of the pandemic and in ways that enable universities to increase their existing support for the recovery, which includes support for Scottish businesses and the wider workforce.

Universities Scotland has submitted its funding bid to the Scottish Government. The full bid, including detail on the financial pressures facing the sector can be [found here](#). This submission summarises some of the key points in our bid.

### Context

- The pandemic has had a hugely detrimental impact on students, on staff and on universities. Universities are still far from operating as business-as-usual, with most working extremely hard to deliver hybrid teaching and research under what is essentially level 0 restrictions (rather than "beyond level 0" like much of the rest of Scotland's economy and society). This is hugely time and resource intensive.
- In 2020 the Scottish Funding Council described the immediate period and next year or two (academic years 2021/22 and 2022/23) as "emergency years" for universities. It reconfirmed the "emergency" and "extremely volatile" environment when it published its Review of Coherence and Sustainability in late spring this year.<sup>1</sup>
- University borrowing now stands at £1.7 billion, which is simply unsustainable, and 50% of institutions are forecasting deficits for 2020/21.
- Universities received some "emergency" funding from Scottish Government to get them through the worst of the pandemic. Additionally, last year some programmes were funded by short-term, COVID-related pots of money from the UK Government. The Scottish Government's next budget is not the time to withdraw that resource and leave universities facing financial instability again. Cuts to university funding – whether they are applied directly or through an expectation that universities can absorb additional provision, like apprenticeships, from within their core budgets, will be deeply damaging to universities' ability to support their students, their staff and the wider communities that depend on them.

We'd like to draw the following points of our budget submission to the Scottish Government to your attention:

### **An increase is needed in the amount invested per student to avoid a long and harmful COVID legacy.**

- Universities want to see an increase of £120 million into the higher education Teaching Grant (TG) to directly support the education of undergraduate students.
- The pandemic's disruption to education has taken a toll on our students. Half of school and college leavers now feel unprepared for university and 80% of students say the pandemic had a negative effect on their learning.

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<sup>1</sup> <https://www.sfc.ac.uk/review/review.aspx>

- These harmful impacts on our learners won't just right themselves and it can't possibly be compensated for by universities when there is now £869 less public funding in real terms for universities to invest in every student than there was in 2014/15. The increase we are asking for would take SFC funding per student from £5,760 to £6,640<sup>2</sup>; still significantly below the funding level Scotland invests in other parts of the education system.
- There has never been such an important time for the Scottish Government to increase the level of teaching resource per student. Investment now will help students to catch up on lost learning. It will support access, transitions, study skills and the wider student experience, which in turn supports student retention and successful outcomes.

**Scotland must ensure that Graduate Apprenticeship funding is additional – not skimmed off existing grants.**

- On top of core undergraduate funding, universities need to see an additional £7 million of additional and recurring funding found to support the 1,378 number of graduate apprenticeships that last year's budget helped to expand.<sup>3</sup>
- Last year's budget paid for this with one-off COVID consequentials. As that was a one-year solution, the long-term financial security of graduate apprenticeships is now at risk, with the sector worried that rather than provide additional resource for additional activity, the funding will be taken from within the existing Teaching Grant, further eroding the resource available for each undergraduate student, as described above, and leaving universities unable to meet their needs.

**We need to fund Scottish research at a level that allows universities to bring back more investment to Scotland and create sustainable growth.**

- Until recently, Scottish research punched well above its weight. Scottish universities won a high share of UK research funding. That performance has slipped: in 2013/14 we won 15.39% of competitive UK research funding; that has declined to 12.96%. Each percentage point drop means a loss of £20m.
- Scotland's performance is no longer as strong because this is a competitive process against universities and research institutes across the rest of the UK; Scotland's core funding for research has declined whilst investment in R&D in England has increased. The SFC Review estimates that Scottish research is underfunded by £328m.
- Every penny of UK research funding makes Scottish investment go further, creates jobs and levers in private and foreign investment.
- Universities need to see a £36.5 million boost to the Research Excellence Grant in this budget to give them a chance to get back on track and bring in more resource for Scotland. Investing now, ahead of the 2022 REF outcome, which we hope will reconfirm the excellence of Scottish research, sets Scotland up to capitalise on those results.
- A further £3 million per year for the Research Postgraduate Grant would help to address the major disruption that early-career researchers have faced due to the pandemic, with their research delayed and time-limited funding running out.

**Universities stand ready to do more to support SMEs and the existing workforce through the recovery but additional activity needs to be resourced.**

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<sup>2</sup> This figure describes the level of teaching funding provided by the SFC. This does not include the SAAS undergraduate tuition fee component of the funding that universities receive. That element of teaching funding has remained static at £1,820 in over ten years (since 2009-10) reducing its real term value by over 20%.

<sup>3</sup> Scottish Funding Council, Paragraph 43 here: [university-final-funding-2021-22-announcement.pdf](https://www.sfc.gov.uk/~/media/2021-22-announcement.pdf)



- Demand for university innovation services and training and professional development has increased since the pandemic. The take-up of short courses and microcredentials has been very strong and the number of Scottish SMEs using Interface to partner with HEIs for innovation increased by 16% between August 2020 and July 2021.
- Universities have the capacity, but not the resource, to do more.
- Increasing the SFC’s up-skilling and re-skilling budget by **£7m** would be money well invested in Scotland’s existing workforce, helping them to pivot out of the disruption of the pandemic, towards opportunities in growth sectors such as renewables and digital.
- An increase of **£4.5m** in the Universities Innovation Fund, would restore the grant to its real terms value from 2014-15 and enable a step-change in universities’ interaction with business at a crucial time for business adaptation and growth.

**A multi-year settlement for universities and colleges.**

- We note the Scottish Government’s response to the Scottish Funding Council’s recommendation that multi-year funding deals would help universities and colleges to plan strategically and better manage their way out of the funding challenges as exacerbated by the pandemic.
- Universities Scotland has been calling for multi-year settlements for years as the last one set out for the sector was a decade ago.
- We welcome the Scottish Government’s indication that the Finance Secretary will publish a: *“multi-year resource spending review framework for public consultation alongside Budget 2022-23”* as set out in its response to the SFC Review but we’re not clear whether that means we can rely on a multi-year settlement in 2022 for the period 2023-26.

**ENDS**

**Further information: [Susannah Lane](#), Head of Public Affairs, Universities Scotland.**

