



Summary of Universities Scotland's position on the Post School Education and Skills Reform consultation

September 2024

We would like to recognise the important work of the staff in all three organisations at the centre of this consultation.

Of the three options proposed, the majority of our 19 members favour **option 2**, which is that the funding of all post-school provision moves to the SFC (with apprenticeship funding leaving SDS) and that all student finance support moves to SAAS (with some college student financial support leaving SFC).

A minority of institutions favour **option 3** which can be summarised as the same as above but with the addition of moving all of SAAS's functions for student finance into SFC, removing one public body (SAAS) from the landscape. However, its recognised this necessitates change on a bigger scale, bringing greater challenges for the amalgamation of different organisational missions and cultures. As such, some institutions would be content to see option 2 as an interim measure, en route to achieving option 3.

Our full submission to the Scottish Government's consultation is available on our [website](#). The following offers a summary, which centres on a number of key points in the reform process if option 2 or 3 is progressed.¹

Support for the high-level goal driving this reform. The consultation is clear that it's the Scottish Government's ambition to develop: *"a world-class lifelong learning and skills system to help more people to fulfil their potential and be equipped to do the work they want to do..."*² We share that goal, and we support any further efforts to ensure that students are supported to make choices and follow pathways that are efficient both for them and for the taxpayer. We welcome the fact that the proposals for change have taken on board universities' concerns about the risk to ONS status of institutions in so far as the body funding universities should be an NDPB.³ However, the drafting of the Post-16 Reform Bill will need to remain live to this issue, and the risks of separating university research funding from teaching funding, which could have occurred in possible models of change.

In supporting this direction of change in the post-school landscape we note the inevitable risk of unintended consequences.

We highlight the following points that we ask both Scottish Government and Parliament to be vigilant about should the outcome of this consultation lead to legislative provisions within the Post-16 School Reform Bill (as outlined in the Programme for Government 2024/25):"

1. The SFC's statutory relationship with "higher education institutions" (HEIs) must remain the same.

The transfer of foundation and modern apprenticeships from SDS to SFC (under option 2 and 3 in the consultation) requires statutory change to SFC's functions. At present, the SFC can only fund

¹ For reasons of brevity this is not structured according to the consultation questions but that can be found in our full response).

² [Scottish Government consultation, pg 4.](#)

³ The ONS classification of universities is not within the Scottish Government's gift to determine but it can take policy and legislative decisions that impact on the likely classification by the ONS.

colleges and universities. If the anticipated Post-16 Reform Bill changes this to include new recipients of funding, the process of making those additions (with implications for the Further and Higher Education (Scotland) 2005 Act, specifically section 7 and 9) needs to be meticulous in so far as respecting the current and legislatively distinctive relationship between the SFC and universities, and by extension the relationship that universities have with the Scottish Government, through the SFC.

There is a second dimension, which is that in exercising its functions for universities, the SFC has an important role at Scotland, UK and international levels. That must continue within the statute⁴. The SFC must engage with UKRI, support the mobility of students across the UK and interact with the other UK funding bodies, OfS and CTER. SFC also buys into some UK processes (such as the National Student Satisfaction Survey) in the interests of UK comparability and value for money.

2. **Protect teaching, research and innovation funding with clear boundaries in budget setting.** If the SFC's budgetary responsibilities are expanded to cover all aspects of post-16 education and skills provision (as per option 2 and 3), in the interests of transparency and stability, the Scottish Government should still set its budget for financial years specifying HE resource (for universities) and HE capital (for universities) as distinct from college funding and other skills provision. The risk of not doing so is to create bigger, amorphous budget lines which offer no certainty for institutions in the five months or so that elapse between the Government's published budget in December and the indicative allocations for universities.⁵ Funding for university research and innovation sits within capital budget lines. We would want to see retention of the provision that only organisations defined as 'higher education institutions' ("Institutions formerly eligible for funding by the Scottish Higher Education Funding Council" in Schedule 2 of the 2005 Act), can receive resources from a 'HE Capital Budget' (Research). Without this guarantee, Scotland's position in the dual support funding model for university research would quickly be undermined (which exists across the UK; with universities leveraging >£900m per annum of research funding into Scotland, with a return rate of nearly a 12:1 on public investment).
3. **Ensure Scottish Government capacity for business-as-usual as there is much to do outwith legislative avenues.** The Scottish Government's commitment to reform cannot be a distraction from other business-as-usual. HEIs are keen to see the Scottish Government move further and faster in regard to a number of policy and funding issues in post-16 education in order to deliver meaningful impact for Scotland and which can be delivered under the status quo. They include: bringing greater agility to the graduate apprenticeship frameworks; breaking the deadlock on information-sharing between local authorities and HEIs in order that a person-centred metric can be applied to assist with the Scottish Government's 2030 access target; starting to move on the June 2023 Innovation Strategy; and, introducing new funding mechanisms to support more part-time study and short/flexible study-options at level SCQF 7 and above.
4. **Ensure that "tertiary" still respects the different roles of colleges and universities.** Colleges and universities make distinctly different contributions and that does not always lend itself to "comparable system-wide data or evidence" or "measures of success"⁶. The SFC has a data role for colleges which is performed (for the most part) by HESA or UCAS for universities. We would want

⁴ Currently found at section 20 (3) of the [2005 Act](#).

⁵ which were published by SFC, five months later in April 2024 and only 2 months before the new financial year for universities began.

⁶ As cited in the business needs in the Scottish Government consultation, pg 13.

this to remain the case. The inclusion of private providers within the funding scope of the SFC would bring a further challenge in this regard.

5. **Be clear on the benefits of reform.** It is our view that none of the options in the consultation do anything to address the underfunding of undergraduate education for Scottish-domiciled students or the underfunding of research and innovation in higher education. However, the consultation is framed to suggest that reform of the funding body landscape is the sole or major answer to current resourcing challenges. The very real public funding problem for our universities needs to be addressed through other routes. The consultation contains the phrase “live within our means” and if that is intended to mean current levels of public investment into universities, we consider that to be incompatible with the other stated aims of being “world class”, “globally competitiveness”, “sustainable” and incompatible with the repeated references to doing “more” (“more people”, “more equal”, “more responsive”).
6. **Do a realistic cost assessment of the business case.** We look forward to sight of the full, costed business case for reform, as referenced in the consultation. We ask that this includes the rationale for efficiency savings as attributed to distinct parts of the “system” and that it seeks to estimate the inevitable opportunity cost likely to be felt by colleges, universities and the public bodies. We note that this reform agenda comes at a time of considerable financial pressure for all concerned. In doing so we note that for universities, this period of Scottish Government-directed change follows on from considerable turmoil brought by COVID-19 (the legacy implications of which are still experienced by universities) and Brexit. It also layers further change on top of institutions’ own change management programmes as they seek to manage declining levels of public investment.

Miscellaneous points:

- **Question 5** in the consultation asks about the removal of timing restrictions on board appointments. We support codified time limits on board appointments and re-appointments in line with principles of good governance and public service. Therefore, we cannot support the removal of time limits (as a “restriction”) in board appointments.
- **Question 6** focuses on the skills and experience of SFC board members if SFC takes on enhanced responsibilities. We recognise the SFC’s board may need to grow slightly in number⁷ but we take the opportunity to remind of the absolute need to ensure a strong focus on the student voice; on research; and on the international context (which is vital to HE). We also suggest that there will be a continuing need for the funding body to have a Research Committee and suggest that the convener of that Committee should be Vice-Convener of the Funding Body’s Board.
- **Question 9 relates to data.** We see no need to strengthen universities’ data systems and note that SFC is not the only organisation with a role in HE data. Universities report data to HESA and UCAS. The SFC might usefully look internationally when making evidence-led comparisons for the HE sector, so that it fully delivers on the “Globally Respected’ outcome of the Scottish Government’s [Purpose and Principles for Post-School Education, Research and Skills](#). Data issues we would like to see the Scottish Government address would include facilitating data-sharing of free-school meal data between local authorities and HEIs in support of the widening access agenda. A unique learner number which follows learners through all levels of education could also significantly improve efficiency and effectiveness throughout the “system”.

⁷ prescribed in an upper limit in the number of Board members that is defined in statute.

ENDS