

Education and Culture Committee
Scrutiny of the 2013-14 Draft Budget

University and College Union Scotland

Introduction

In successive spending submissions UCU has made the case that funding for higher education is an investment in Scotland's future. In a recession higher education can be seen as an area to cut but if Scotland is to emerge with a stronger economy such investment is crucial not just to develop skills and research but to maintain Scotland's reputation as an educated and educating country. This is particularly necessary when the rest of the UK is increasingly developing education as a commodity and the Scottish Government is showing its independence by not only resisting the introduction of fees but also investing in its people and their knowledge.

Present budget

This paper is being submitted to the Education and Culture prior to the publication of the draft budget bill therefore this paper cannot address the specific detail of the bill. However, it's unlikely that the funding levels will be dramatically different than the lines already announced after the spending review.

Benefits of Higher Education

Scotland receives great benefits from its higher education sector. In economic terms, every pound spent on universities yields three¹ times that in spending by staff and students, and for services to universities. Socially, universities provide – and must be encouraged through the defence of 'academic freedom' to provide – independent critique of policy; staff and expertise both for Scotland's public services and for the private sector. Intellectually and culturally, they reflect the need to preserve and develop the country's well-being, achievement and international prestige. They enrich the lives of graduates to the benefit of civil society and the quality of the labour force.

Graduates, society generally, and the business and financial community all benefit from higher education but the significant funding contributions come only from the public purse and graduates.

The benefit to the individual is also significant as Education at a Glance², EAG, states that the wage supplement is over \$160 000 for men and around \$110 000 for women over a graduate's lifetime. In Scotland this is borne out by the Household survey³ and in particular the table below which shows salary levels by qualification.

¹ The impact of higher education institutions (HEIs) on the Scottish economy.

http://www.strath.ac.uk/media/departments/economics/fairse/backissues/Fraser_of_Allander_Economic_Commentary_Vol_33_No_1.pdf

² OECD (2012), Education at a Glance 2012: OECD Indicators, OECD Publishing.
<http://dx.doi.org/10.1787/eag-2012-en>

³ Table 7.2 in Scotland's People: Results from the 2011 Scottish Household Survey Scottish Government, 2012
<http://www.scotland.gov.uk/Topics/Statistics/16002>

Adults with higher salaries are more likely to be graduates but the most significant effect is at the top salary level where 50% of Scots who have incomes above £40 000 are graduates.

Table 1: Highest level of qualifications held by adults of working age by net annual household income.

Working age adults (16-64)	£0 - £6,000	£6,001 - £10,000	£10,001 - £15,000	£15,001 - £20,000	£20,001 - £25,000	£25,001 - £30,000	£30,001 - £40,000	£40,001+	All
Degree, Professional qualification	18	14	14	20	27	30	34	50	29
HNC/HND or equivalent	10	10	11	11	14	16	13	13	13
Higher, A level or equivalent	22	18	16	21	16	20	21	19	19
O Grade, Standard Grade or equivalent	25	22	28	26	25	22	23	14	23
Other qualification	3	6	4	3	3	3	2	0	3
No qualifications	23	29	25	18	15	9	7	3	14
Qualification unknown	0	1	1	1	0	0	0	0	1
Total	100	100	100	100	100	100	100	100	100
Base	445	831	1,406	1,357	1,210	895	1,383	1,419	8,946

Further graduates are more likely to be in employment at 79% compared to 61% of those with higher or equivalent qualifications.

The financial benefits are not just for the individual as the economy also gains from investment in higher education:

On average, OECD countries receive a net return of over USD 100 000 in increased income tax payments and other savings for each man they support in higher education – four times the amount of public investment.

The benefits are much wider than financial though as graduates are more likely to attend and participate in cultural events⁴ and according to EAG⁵ *higher levels of education are associated with a longer life expectancy, increased voting rates, and more supportive attitudes towards equal rights for ethnic minorities.*

Investment in Higher Education

Funding for universities is an investment for research, innovation, knowledge and the development of our citizens into healthy, informed and active citizens.

Student numbers

We are now in an era of mass participation and Scotland has increased the number of graduates over the last decade in line with many other nations as according to the OECD⁶

Over the past decade across OECD countries, the percentage of adults who have attained higher education has grown at a rapid clip, from 22% in 2000 to 31% in

⁴ Table 13.2 in Scotland's People: Results from the 2011 Scottish Household Survey Scottish Government, 2012 <http://www.scotland.gov.uk/Topics/Statistics/16002>

⁵ OECD (2012), Education at a Glance 2012: OECD Indicators, OECD Publishing. <http://dx.doi.org/10.1787/eag-2012-en>

⁶ OECD (2012), Education at a Glance 2012: OECD Indicators, OECD Publishing. <http://dx.doi.org/10.1787/eag-2012-en>

2010. Yet despite this burgeoning supply of well-educated individuals – as well as the faltering market conditions from 2008 forward – most people with higher education have continued to reap very good economic benefits. This signals that, overall, the demand for highly-skilled employees to meet the needs of the knowledge economy in OECD countries has continued to grow, even during the crisis.

Hence Scotland must continue the growth in graduates to maintain its position in the world and have capacity to build a knowledge economy in the future. **If the knowledge economy is to be a reality, then Scotland must train and retain more graduates in the workforce.**

Additionally with job losses and lack of opportunities for youth employment, admissions to universities has increased resulting in student places been at a premium in the last four years with few places available through the clearing process. Hence Universities have seen an unprecedented growth in student applications with the outcome that a number of students are missing out on places. If numbers of students are decreased many of these youngsters would instead now be unemployed and part of another much less welcome statistic of increasing youth unemployment. **Student numbers should be maintained to ensure that new students have access to university rather than the dole.**

We welcome initiatives which broaden access but these have had limited success to date hence we look to the government to use this budget and forthcoming bill to introduce methods which encourage positive discrimination.

Undergraduate Tuition Fees

The UCU believes that education is a right for all those who are able to benefit from higher education and commends the Scottish Government for not introducing tuition fees for Scottish students given the dual pressure from Westminster. We are concerned that the increase of fees in England gives a perception that Scotland is out of kilter but according to the European Commission⁷, nine other countries do not charge fees including all our Scandinavian neighbours. Further, English fees are the highest in Europe with very few countries charging more than €1000. **UCU commends the no-fee policy.**

Student Support

UCU has expressed concerns over dropout rates due to financial and related other concerns and called for an increase in the level and coverage of support. We commend the Scottish Government on increasing support and ensuring all students will have access to some form of maintenance.

Defence of Four-year honours degree

The Scottish four-year honours degree is recognised across the world as offering breadth and depth of study which is not possible in a shorter timescale. The first year allows for a range of subjects to be studied whilst preparing students for the depth

⁷ National Student Fee and Support Systems, 2011/12 European Commission 2012

required in the main subject in later years. Additionally, it allows for flexibility for students to articulate with advanced standing into second and third years depending on qualifications. It has comparability to other degrees across the World and meets the Bologna criteria in Europe. Further a general move to a three-year degree would not be cost effective as all schools would then be required to undertake advanced Highers for every subject. **The Scottish four-year honours degree should be sustained to maintain Scotland's world class reputation and the flexibility of the Scottish system.**

Commercialisation

Spend on Scottish Business Enterprise Research and Development, BERD, is half of that for the UK as a whole and is much less than most of our other competitor nations. Further this expenditure has failed to increase over the last decade⁸. Hence in Scotland there is a very low base of BERD which makes it difficult to build links between researchers based in universities and those in industry. **UCU believes it will be impossible to grow a knowledge economy without a significant improvement in industrial research spending.**

The SFC's research stream has been concentrated and the knowledge transfer and commercialisation funding stream has been altered to only reward initiatives with private business. This hampers innovation with the public services and the third sector. **The development of Scotland as a prosperous cultured nation in which citizens enjoy a good quality of life can only occur if research and nationally relevant collaborations are promoted in all our universities.**

Conclusion

Funding for higher education is an investment in the future of Scotland. That investment will ensure the future development of new industries and the education of all who are able to benefit from a degree level education. For the sake of Scotland its economy and to ensure her citizens are wealthy, healthy and engaged we should ensure our universities are properly supported.

⁸ Table 13 in Business Enterprise Research and Development Scotland 2010. National Statistics Office 2011. <http://www.scotland.gov.uk/Topics/Statistics/Browse/Business/RD/BERDreport10>