Submission from Dundee University

Review of Spending Decisions and Outcomes

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Scottish Funding Council (7 September)

1. The extent to which Outcome Agreements with universities are improving the way SFC allocates funding and secures high quality learning provision

The outcome agreement process has led to increased dialogue between the SFC and the University of Dundee. The relationship established between the two bodies has been good, though the overall impact of the dialogue is not what it could be, given that limited resources appear to be able to be made available to dedicate to this activity by the SFC.

2. The effectiveness of the SFC in securing an internationally competitive research base, and building collaborations between university and industry

The success of the university research environment in Scotland is admired internationally. The funding provided by the SFC is vital in sustaining and growing this research base. Research excellence can lead to inward investment into the Scottish economy around research strength. Biosciences at Dundee are an excellent example of this.

Funding from research funders does not normally cover the full cost of research (e.g. research councils, charities, governmental sources). Funding from SFC is thus vitally important to sustaining the research environment and infrastructure in universities, as part of the dual funding model.

The decision to remove the Global Excellence Fund by Scottish Government, implemented by SFC, reduces the level of investment in internationally leading research in Scotland. This could result in the very best research losing its competitive edge, as the funding of this research will become unsustainable as income falls further below the full cost of research.

Typically, the gearing ratio for SFC funding to research income is £1m:£12.5m. This means that for every £1m in research funding invested by SFC, £12.5m of research activity is supported. This ratio is already at levels that are difficult to sustain and creating financial pressure in Scottish universities. Removing this level of funding from the best research, albeit in part indirectly, damages the international competitiveness of the Scottish research base.

Knowledge Exchange funding from SFC is a key foundation for building and deepening relationships between universities and industry. The current formulaic allocation of funding provides stability for underpinning this activity in institutions. Moving to a more ‘strategic’ approach, as set out in the consultation on knowledge exchange funding, where funding is allocated to specific short term initiatives, can seem, from a funding body perspective, to be an attractive proposition: it enables targeted, innovated projects to occur. However, there are concerns that this sort of activity, though exciting, is not as effective as well-established approaches and does not sustain activity that delivers long-term development. Changing funding away from a formulaic funding approach unintentionally devalues successful and effective approaches that are well-established in building collaborations between
universities and industry. A further unintended consequence of this approach will likely to lead to institutions ‘chasing’ funding rather than having clear strategies and objectives in this area.

The University of Dundee has an excellent track record in this area, evident through, for example, (a) the Life Sciences and Pharmaceutical partnerships, spin-offs and intellectual property transfers that have underpinned the growth of the life sciences sector in Scotland; (b) the innovative Design in Action project, which is a partnership of universities led by University of Dundee, that develops opportunities for collaboration between SMEs, academia and design, creating a fluidity of knowledge to support innovation; (c) STAR-Dundee, a growing spin-off company from the University of Dundee, that provides technology and design expertise to NASA, the European Space Agency and others in the space exploration sector. This success is underpinned by the funding provided by SFC. Moving funding away from this type of well-established, sustainable and successful knowledge exchange activity risks destabilising successful activity in universities.

3. How successful the SFC is in helping universities to—
   - widen access without displacing prospective students with sufficient qualifications
   - produce skilled graduates who are capable of sustaining a career or creating new jobs

The additional places scheme for widening access set up by the SFC has been very successful at the University of Dundee. MD40/MD20 recruitment has increased at the University of Dundee at the highest rate amongst universities through the use summer school activity and other pre-sessional support. This represents a good example of the SFC implementing Government policy, but allowing autonomous institutions to determine the best way to implement the policy.

4. The capacity the SFC has to provide leadership and added value to universities, for example—
   - specific initiatives it supports that the sector would otherwise be unable or less likely to provide
   - how it helps Scottish universities to monitor and respond to challenges from international competitors

The recently published SFC strategic plan (2015-18) proposes working in partnership with Scottish universities to deliver a stronger and more vibrant sector that continues to successfully contribute to the priorities of Scottish Government. It is through this interaction of partners that universities and SFC can work together to develop funding opportunities that allow the sector to develop within a global context. There are indications that the capacity and effectiveness of SFC to work in partnership in this way could be limited by recent reductions in its workforce and a relative lack of engagement by its most senior leaders with institutions.

5. How the SFC balances its roles in—
   - supporting the sector and providing a challenge function to Scottish Ministers
   - helping to deliver Scottish Government priorities.

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1 See Learning for All: Measures of Success, SFC Statistical publication (SFC/ST/06/2015), 25/03/2015
http://www.sfc.ac.uk/communications/Statisticalpublications/2015/SFCST062015.aspx
The Scottish Funding Council should play a critical role in maintaining proper distance between autonomous institutions and government. The strength, diversity and depth of the university sector in Scotland can be attributed to the autonomous nature of institutions, each able to contribute to government policy in different ways. Considering how this tripartite relationship works is of critical importance.

The strength and depth of the sector includes, *inter alia*, specialised widening access activity, world class teaching, world leading research, leading economic growth activity through engagement with SMEs and major international corporations, and through the internationalisation of higher education. The benefit of this activity is not trivial in the Scottish economy, as the university sector is the third largest industry sector in Scotland. The university sector in Scotland is contributed £6.7bn gross value added to the Scottish economy in 2012/13 and supported 142,000 jobs.\(^2\) Within Dundee, the University of Dundee contributes in excess of £0.75bn gross value added to the local economy and 12.5% of employment in Dundee is attributable to the universities located here (which is at least twice, and in many cases three times, the level of employment dependent on universities in other cities).

It is not apparent that the Scottish Funding Council has recently achieved the right balance in maintaining the distance between the sector and Government. Without attributing responsibility, the extent to which the Scottish Funding Council has challenged the Government, and the effectiveness of SFC in doing so, is not clear. At times, the Scottish Funding Council has appeared to serve more as a conduit for government policy rather than as a critical buffer between Government and universities. Ensuring that SFC is enabled to fulfil this role is vital to the success of our sector.

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\(^2\) *Grow, Export, Attract, Support: Universities’ contribution to Scotland’s economic growth*, Universities Scotland Report, September 2013, page 4