Scottish Funding Council

Submission to the Scottish Parliament Education and Culture Committee

The Scottish Funding Council is incredibly proud to support the whole system of colleges and universities and enhance their connections and contribution to Scotland’s educational, social, cultural and economic life.
Introduction

Scotland’s colleges and universities are an incredibly valuable asset for the nation. They educate large and diverse cohorts of students each year developing their skills, knowledge and personal attributes. Graduates from our colleges and universities go on to successful careers in business and industry, public services and the third sector. Colleges and universities are a magnet for talent from around the world, attracting students, business and investment to Scotland. And the world-leading work they undertake supports innovation in all parts of the economy.

The Scottish Funding Council is incredibly proud to support the whole system of colleges and universities and enhance their connections and contribution to Scotland’s educational, social, cultural and economic life. We do this through our funding, and through our partnerships with colleges and universities, other agencies, local authorities and industry.

Here are a few examples illustrating where, working with our partners, we add value:

- **Widening access to university**: For 2015-16 we have provided an additional 680 undergraduate places – supporting access to university for students from the most disadvantaged areas - and 1,180 additional articulation places enabling students with HN qualifications to progress to university with advanced standing

- **Developing the Young Workforce**: SFC responded swiftly to the recommendations of the Wood Report. We established “early adopter” regions to test new ways of developing young peoples’ skills and to create innovative paths to employment. Latest figures from colleges on the number of senior phase pupils on vocational pathways show a rise in the past year from 293 pupils at 61 schools to 1,452 pupils at 139 schools. The number of courses offered has risen from 19 to 65

- **Supporting the most disadvantaged**: We have encouraged and supported eight members of our staff to act as mentors with MCR Pathways - a project which helps young people growing up in difficult circumstances reach their true potential

- **Developing industry-relevant skills**: Through a partnership between Edinburgh Napier University and Scotland IS we have supported hundreds of students (in 2014-15 alone more than 130 students) to access high quality work-placements in the IT industry, thereby supporting their learning and ensuring they are well equipped for work in the industry

- **Skills planning**: Jointly with Skills Development Scotland we provide evidence on the skills needs of regions and sectors of the economy to set out the skills needs and gaps of Scotland’s strategic economic sectors. We ask universities and colleges to use this evidence in planning and developing their provision to get the best fit between students’ skills with the needs of employers and the economy
• **Innovation Centres:** SFC’s £120 million investment to fund Scotland’s Innovation Centres programme has created transformational partnerships between universities and businesses in key growth sectors.

• **Innovation and Interface:** Since 2009 through *Interface* (jointly funded by SFC, Scottish Enterprise and Highlands and Islands Enterprise) we have supported nearly 900 businesses to work with Scottish Universities, generating about £17m GVA and 350 jobs in the Scottish economy.

• **Creative Industries:** We have appointed a Director of Creative Industries jointly with Creative Scotland and this will enable both organisations to support the creative industries in a joined-up and efficient way across the whole of Scotland.

• **Growing research excellence:** Over the last decade SFC has drawn together the best researchers from across Scotland in incredibly powerful research collaborations (research ‘pooling’). For example, building on the strength of the life sciences research pool, which we and the universities had created, the Innovative Medicines Initiative chose to site its European Lead Factory for novel drug discovery in Scotland, investing £16m from the global pharmaceutical industry and the European Commission.

• **Science:** We are co-investors in QuantIC, which brings together the Universities of Glasgow, Bristol, Edinburgh, Heriot-Watt, Warwick, Oxford and Strathclyde with over 30 industry partners in a collaborative venture which will revolutionise imaging across industrial, scientific, security and consumer markets through the application of extraordinary new quantum imaging technology.

• **Equalities:** We are working with our partners through a Gender Steering Group and the SFC’s Access and Inclusion Committee to develop a Gender Action Plan. This plan will set out an ambition and approach to overcoming the most significant gender imbalances in subject areas in both colleges and universities.

These are just a few examples of the amazing results that can be achieved working in partnership with other organisations. We are incredibly grateful to all our partners and collaborators but particularly to colleges and universities, Scottish Enterprise and Highlands and Islands Enterprise, Skills Development Scotland, Creative Scotland, the Scottish Qualifications Authority, to NHS Education Scotland, to Local Authorities and to all our business and industry partners. And above all, of course, our thanks are due to our colleagues in the Scottish Government who fund, support and guide us in our work.

**Professor Alice Brown**  
Chair Scottish Funding Council
Scottish Funding Council

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Who we are

1. The Scottish Further and Higher Education Funding Council (SFC) is the national, strategic body responsible for funding teaching and learning provision, research and other activities in Scotland's 25 colleges and 19 universities and higher education institutions. The SFC is a Non-Departmental Public Body established by the Further and Higher Education (Scotland) Act 2005 that operates at 'arms-length' from Government. SFC was formed by the merger of the Scottish Further Education Funding Council and the Scottish Higher Education Funding Council to secure a more cohesive tertiary education sector for Scotland and more effective pathways for learners across both sectors.

2. The Scottish Funding Council is governed by a Board appointed by Ministers. The Board sets the strategic direction for policies in response to Scottish Government priorities as identified in the Ministerial Letter of Guidance. The Board is served by an Executive and the Chief Executive Officer is the Accountable Officer (to Scottish Parliament).

What we do

3. We exist to improve further and higher education. We do this by investing our £1.6bn budget in the development of a coherent college and university system which, through enhanced learning, research and knowledge exchange, leads to improved educational, economic, social, civic and cultural outcomes for the people of Scotland.

4. In our capacity to take a national overview and in our role as provider of national statistics for both sectors, we are in a unique position to anticipate, and to respond to, student and employer needs and gaps in higher and further education across Scotland. Moreover, we work to facilitate positive change in the further and higher education sectors, particularly in relation to our key priority areas. As we have been asked to focus on higher education in this submission, we outline below our priorities in relation to universities, which are to:

   - Widen access to people from all backgrounds.
   - Smooth transition from college to university.
• Retain and support students to completion of their studies.
• Develop highly skilled graduates ready for work.
• Deliver world-class research.
• Collaborate with industry for the benefit of the economy.

Issues to be addressed, as appropriate, by all five bodies

The role of your organisation in seeking to narrow the educational attainment gap in schools

5. We support a range of widening access initiatives that seek early intervention to ensure that school age children from disadvantaged backgrounds are equipped to progress into higher education. For example:

• **Schools for Higher Education Programme (SHEP):** a regional collaboration between universities, colleges and schools to increase progression to higher education in both colleges and universities. The programme focuses activity on school pupils S3 to S6 in low progression schools (defined as having less than 22% average progression to HE). In 2014-15 alone, SHEP engaged some 80 schools across Scotland. More than a quarter of the schools it has worked with since 2011 now have progression rates of 25% or higher.

• **Access to High Demand Professions (AHDP):** a national programme that targets schools with low progression to higher education. It focuses on two projects: REACH (access to law, medicine, veterinary medicine and dentistry) and ACES (access to creative arts and architecture).

• **Advanced Higher Hub:** a project launched in 2013 by Glasgow Caledonian University in partnership with Glasgow City Council and supported by SFC funding, the Hub allows pupils from deprived areas of Glasgow to study Advanced Highers on the University campus. In 2015 pupils at the Hub had a pass rate of 90.5%.

• **MCR Pathways:** as an organisation, SFC is committed to increasing learning opportunities and life chances for young people. A number of our staff volunteer as mentors with MCR Pathways - a project which helps young people growing up in difficult circumstances reach their true potential through mentoring programmes. SFC staff have trained and been matched in mentoring roles with individuals with a view to re-engaging them in education and working towards further and higher education and vocational training.
6. Also, SFC promotes and secures access to college and university provision for people from the widest possible range of backgrounds through the Outcome Agreement negotiating process (see paragraphs 10-12 for information on Outcome Agreements).

The extent to which your organisation, in seeking to deliver relevant Scottish Government priorities, has autonomy over spending and policy decisions

7. SFC receives a letter of guidance from the Cabinet Secretary at least annually. The letter outlines the Scottish Government’s strategic priorities and expectations for the coming year.

8. Sections 9 and 10 of the Further and Higher Education (Scotland) Act 2005 set out the conditions by which Scottish Ministers can make grants to SFC. Ministers may not refer to a specific institution, a specific programme of learning, courses of education or research, selection or appointment of academic staff or admission of students. This effectively means that allocations to institutions for teaching and research from within Scottish Government budgets are at the discretion of the SFC Board.

9. The Framework Document between SFC and Scottish Government sets out the broad framework within which the Council operates and defines key roles and responsibilities which underpin their relationship. Within the document the responsibilities of the Chief Executive of SFC as Accountable Officer are defined. These responsibilities include:

- Safeguarding the public funds for which he or she has charge.
- Ensuring propriety and regularity in the handling of those public funds.
- Overseeing the day-to-day operations and management of the Council.

The measures your organisation takes to evaluate the impact and effectiveness of its work, and to report on this in as transparent and accessible a manner as possible

10. In 2012 the SFC introduced Outcome Agreements (OAs) with individual institutions. Outcome Agreements set out what universities and colleges plan to deliver in return for their funding from SFC and they are the main vehicle through which SFC captures its impact and effectiveness. Their focus is on the contribution that universities and colleges make towards improving life chances, supporting world-class research and creating sustainable economic growth for Scotland. They are also used to monitor and evaluate the outcomes
delivered by institutions individually and collectively in return for public investment.

11. The OAs are used to report on progress against a set of national measures (plus a number of institutional measures). For universities there are sixteen national measures (colleges have their own distinct set of measures) that were developed in consultation with higher education institutions via Universities Scotland. The measures focus on the following areas: widening access, progression and retention, skills, research, university-industry collaboration, and sustainability (financial and environmental). The national measures are monitored at least annually enabling us to gain both an institutional and national picture of progress.

12. Individual OAs, along with a summary of the sectors’ progress and ambitions, are published annually on our website. The summary publications have been included in our submission to the Committee.

13. In addition to Outcome Agreements, we use a range of mechanisms to monitor progress and report publicly on the impact and effectiveness of our funding, including: the Research Excellence Framework (or REF, the UK-wide system for assessing the quality of research in institutions), a set of official statistical publications we produce as a provider of national statistics, and the annual Learning for All conference (SFC’s national conference on progress on widening access to higher and further education). SFC also makes available its Annual Report and Accounts which is submitted to Scottish Parliament and published on our website. This report provides a detailed account of our governance, how we use our funding, and the outcomes achieved.

14. As an organisation, SFC is committed to continuous improvement in carrying out its statutory responsibilities and delivering its strategic outcomes efficiently and effectively, demonstrating continuous improvement and value for money in how it conducts its business. Our running costs represent 0.48% of our total budget\(^1\) which means that more than 99.5% of our funding goes directly to supporting the college and university sectors. Moreover, we are working towards the goal of implementing and embedding the [3-Step Improvement Framework](#) for Scotland’s Public Services in everything we do.

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\(^1\) Approximately £1.6bn in 2015-16
How your organisation, in seeking to work in partnership to deliver national objectives, can still be held accountable for its particular contribution

15. SFC works in close collaboration with a wide range of partner bodies to deliver shared national objectives. Partnership working is now embedded in every aspect of the SFC’s activities to achieve shared outcomes and secure national objectives. SFC partners include, but are not limited to: Skills Development Scotland (with which we have a Joint Skills Committee), Scottish Enterprise; Highlands and Islands Enterprise; local authorities; Scotland Europa; Scotland Development International; Students Awards Agency for Scotland; Quality Assurance Agency Scotland; National Union of Students Scotland; Education Scotland; Creative Scotland; Universities Scotland; Scottish Government; Innovate UK; Research Councils UK; Department for Business, Innovation and Skills; the Higher Education Council for England; the Higher Education Council for Wales and the Department for Employment and Learning (Northern Ireland).

16. Through our strategic plan – which is linked to Scotland’s Economic Strategy and the National Performance Framework, and developed in consultation with partners and stakeholders – we ensure that we are doing our part to deliver on the national outcomes. Our strategic plan outlines the actions we will take and with which of our partners/stakeholders we will work to achieve our objectives. Examples of our partnership working include:

17. **Scotland Can Do:** We work in partnership with the Scottish Government and other stakeholders from across the public, private and third sectors, combining efforts to make Scotland a world-leading entrepreneurial and innovative nation: a ‘can do’ place for business. A recent example of our activities includes Scotland Can Do Ambitious Leadership and Entrepreneurship (SCALE). In a partnership with Scottish Enterprise and Highlands and Islands Enterprise, SCALE is designed to develop the skills of entrepreneurs with an internationally relevant, innovation-driven idea with the potential to grow significantly in Scotland. The first SCALE summer school took place at the University of Stirling in August 2015, with contributions from leading international educators in entrepreneurship from Scotland and from the Massachusetts Institute of Technology and Harvard University.

18. **Developing the Young Workforce:** In order to respond to the Wood Commission, SFC has partnered with SDS to develop a Joint Framework for Action on Developing the Young Workforce (DYW). This Framework sets out what activity each organisation will take forward and by when and recognises
the key role of each to secure DYW outcomes and to promote the achievements of the sectors.

19. **Interface**: Working with Scottish Enterprise and Highlands and Islands Enterprise, SFC has supported Interface – the Knowledge Connection for Business. Interface coordinates the Innovation Voucher Scheme which has been supporting businesses to develop new products, services or processes by collaborating with universities. Since the launch of the Scheme in 2009, nearly 900 vouchers with a combined project value of over £4.5m have been awarded to Scottish universities and businesses. Interface-facilitated projects currently generate an estimated £17 million GVA per year for the Scottish economy and support more than 350 jobs. Innovations Vouchers have now been extended to include colleges.

20. As will be evident from the examples provided above, the broad spectrum of activities that SFC supports means that it is making contributions to delivering on Scotland’s Economic Strategy through its support for **Innovation, Internationalisation, Inclusive Growth** and leverage of **Investment**.

21. Our specific contribution to these activities is regularly monitored through reports on progress to the SFC Board and our Scottish Government sponsor department.

**How your organisation’s key spending programmes – both individual and collective (i.e. with other agencies or bodies) – help to achieve relevant outcomes in the National Performance Framework**

22. The work of the SFC has clear relevance to the following outcomes within the National Performance Framework:

- We realise our full economic potential with more and better employment opportunities for our people.
- We are better educated, more skilled and more successful, renowned for our research and innovation.
- Our young people are successful learners, confident individuals, effective contributors and responsible citizens.
- We have tackled the significant inequalities in Scottish society.
- We have improved the life chances for children, young people and families at risk.

2 Interface Annual Report 2013-14
23. Each of the above has a list of national indicators attached to it and we can demonstrate how our work supports these. For example, under ‘better employment opportunities’, one of the national indicators is:

*Increase the proportion of graduates in positive destinations*

24. To address this, SFC works with Skills Development Scotland to identify skills gaps in specific industries. Skills Investment Plans (SIPs) have been developed for each industry that set out the skills needs and gaps of that sector and what this means for the supply of learning provision in universities and colleges. The university sector engages with SIPs in order to reflect on how they can contribute to support the industries through their learning provision and expertise so that their students gain the skills needed in the workplace and are developed for a competitive international labour market. The most recent figures available show that the percentage of Scottish-domiciled graduates entering positive destinations increased from 93.5% in 2011-12 to 94.2% in 2012-13.

25. And under ‘renowned for our research and innovation’ one of the national indicators is:

*Improve knowledge exchange from university research*

26. SFC, in partnership with Scottish Enterprise and Highlands and Islands Enterprise, is contributing to achieving the outcome ‘Improve knowledge exchange from university research’ through investing in initiatives aimed at developing the infrastructure to support university-industry collaboration. This includes investment in eight Innovation Centres that have been designed to facilitate collaboration between universities and businesses to deliver transformational change and growth in key industry sectors. Examples of collaborations include:

- **The Industrial Biotechnology Centre**: GlaxoSmithKline, a leading global healthcare company, is working with an academic team in the University of Edinburgh on a research project that has the potential to provide a generic technology for “green chemistry” with wider application in the chemical industries and the potential to change the future manufacture processes of antibiotics.

- **The Digital Health Institute**: The Institute has facilitated the creation of ‘My little one’, a device designed to alleviate stress when a new-born baby is separated from its family by allowing parents to view their baby live through a tablet connected via Wi-Fi to a camera in the neonatal cot. This was the result of collaboration between HealthAlert24, NHS Fife and Glasgow Caledonian University.
27. The Scottish Government has identified ‘Universities’ as one of seven high added value key growth sectors critical to achieving its economic strategy and securing sustained economic growth for Scotland\(^3\). The sector also provides the necessary skills, innovation and know-how to sustain the development of the other key growth sectors. Public investment distributed by SFC has provided core funding allowing institutions to maximise this contribution. Universities are now the third largest industry sector in Scotland contributing £6.7 billion annually to economy, supporting the equivalent of 142,000 full-time jobs, and contributing over £1.3 billion in export income\(^4\).

**In light of budget pressures, how effectively your organisation undertakes long-term financial planning**

28. The Council operates on a three-year strategic plan. This plan sets out the financial budgeting framework for delivering corporate objectives. It also sets out indicative funding options (including their affordability) for the university and college sectors. This is informed by college and university three-year financial projections and bi-annual revisions to forecasts.

29. Although SFC’s strategic plan is set over three years, we also have to plan to cover projections for five years. For example we have to support four-year cohorts of students (the length of a Scottish honours degree) and multi-year projects, such as Research Pooling, Innovation Centres and the pan-Scotland Graduate Schools for the Social Sciences and for the Arts and Humanities.

**The key future challenges for your organisation and the steps you are taking to address them**

30. Scotland’s further and higher education institutions are operating in an increasingly competitive international environment and it is SFC’s aim to ensure that they are well-supported to continue to deliver the highest quality education and research.

31. This will remain the key challenge for SFC during the current period of pressure on public spending. SFC has responded to the challenge in a number of ways. We have:

\(^3\) The seven key growth sectors are: Creative Industries, Energy, Financial and Business Services, Food and Drink, Life Sciences, Tourism and Universities.

\(^4\) Figures for 2012-13, Universities Scotland
• **Reformed** our organisation so that it is **flexible, outwardly focussed and proactively engaged**, moving beyond our ‘traditional’ role to do what needs to be done to secure positive change (e.g. the creation of Innovation Centres).

• Given greater focus to **continuous improvement** by adopting the [3-Step Improvement Framework](#) to unlock and channel the collective knowledge and energy of our people so as to find new and better ways to achieve the outcomes we want.

• **Embedded partnership working** with other public agencies in everything we do to better align public funding, maximising its impact and eliminate wasteful duplication.

• Changed the focus of our funding from ‘activities’ to **impacts and outcomes, securing commitments** from institutions to improve and contribute more in support of national priorities.

• Worked to **maximise third-party investment** in the sector, providing ‘seed corn’ funding to kick start transformational change, and facilitate sector wide engagement with industry.

• Become **more accountable** to the public for the funding that we distribute through the publication of outcome agreements.

• Made **joint appointments** with SQA, Creative Scotland and NHS Education Scotland to support areas of shared activity; we also have a shared service with SQA for human resource and staff development support.

32. Another significant challenge has been the implementation of our strategic priorities without the benefit of multi-year funding settlements. While recognising that recent and future funding settlements may be challenging, greater clarity on likely funding outcomes for the college and university sectors – whatever they may be – would prove invaluable to institutions in planning future resource commitments.

33. Despite the challenges we continue to work with the sector to ensure that together we:

• Widen access to higher education to those from deprived backgrounds.

• Maintain our research competitiveness.

• Enhance HE/industry engagement and translate our strength in HE and research into enhanced economic growth.
The role played by your organisation in advance of its budgetary allocations being published in Scottish Government draft budgets

34. SFC provides advice to the Scottish Government and keeps in communication with them throughout the budgetary process.

35. Our staff model different outcomes and scenarios depending on Scottish Government targets, course completion rates, and the anticipated funds available. Regarding Government targets, we receive and respond to Ministerial guidance on priority areas. For example, Ministers may ask SFC to prioritise increases in particular areas such as STEM (science, technology, engineering and maths), medicine, dentistry, or languages.

36. Our finance team works closely with funding and policy colleagues, the university and college sectors, the Scottish Government and our wider range of stakeholders to ensure the most efficient use of funds to meet our strategic plan targets. The SFC uses all this relevant information to provide confidential advice to the Scottish Government of the budgetary requirements of the further and higher education sectors.

Specific themes for the Scottish Funding Council

The Committee’s consideration will focus solely on higher education. The Committee has separately agreed to consider the success of further education reforms at a later date

37. It should be noted that a significant proportion of higher education provision in Scotland is delivered through colleges. In 2013/14, 17% of all HE level provision delivered in Scotland took place in colleges.

38. As well as delivering HE level qualifications, colleges work with universities to provide efficient routes to degree level qualification. For example, most colleges deliver ‘articulation’ to degrees offered by universities. This means that students on HNC or HND courses at college have this prior learning recognised by the university and can move into year two or year three of a related degree programme. From 2013/14, SFC has provided over 1,000 additional places per year for articulation to help widen access to university level study.

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

39. SFC introduced outcome agreements in AY2012-13 to ensure that the significant public investment in the higher education sector delivered
improvement across a range of national priority outcomes. In return for SFC funding allocations institutions now commit to robust and meaningful targets for improvement against SFC priority areas in their outcome agreements.\(^5\)

40. This process has radically changed the focus of SFC’s relationship with institutions, away from funding ‘activities’ to how best to secure outcomes, impact, and positive change. While the bulk of SFC funding is allocated formulaically, there is now an explicit connection between the public investment in universities and what they deliver for students, local communities and for Scotland.

41. The OA process has also enabled an on-going dialogue between SFC and higher education institutions to explore challenges and opportunities to improve and establish best practice. Through this closer engagement SFC is now much better placed to target limited strategic funding to anticipate, promote and bring about positive change and innovative solutions in support of national priorities.

42. While it is the role of the Quality Assurance Agency Scotland to assure the quality of learning provision at Scottish higher education institutions, SFC has a legislative duty to secure coherent provision, and a wider public duty to ensure that the programmes it funds are effective, efficient and relevant to the needs of learners and industry. During AY2015-16, SFC will allocate over £700m to institutions for teaching and skills. Universities must account for the use of this funding through their OAs by evidencing the quality and effectiveness of their programmes reporting progress against a number key of measures.

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

43. The outcome of the Research Excellence Framework (REF2014\(^6\)) demonstrates the strength and depth of research activity across Scottish HEIs with 4* (world-leading) research carried out in all of Scotland’s 19 HEIs. Also, 77% of submissions from our universities were judged to be either 4* or 3* (internationally excellent), compared to 54% in 2008.

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\(^5\) Aim 1: Improve access to HE; Aim 2: Secure high quality, efficient and effective learning; Aim 3: Secure coherent provision; Aim 4: A developed workforce; Aim 5: A research base this is internationally competitive: Aim 6: A step change in engagement of business and industry; Aim 7: Sustainable institutions

\(^6\) REF is the new system for assessing the quality of research in higher education institutions in the UK, and replaces the Research Assessment Exercise (RAE), last conducted in 2008. The REF is conducted jointly by the four UK HE funding bodies (SFC, HEFCE, HEFCW and DELNI).
During academic year 2015-16, SFC will invest c£280m in support of research excellence and knowledge exchange. SFC funding has given our institutions a platform to compete with the best universities in the UK and internationally, winning a disproportionate share of competitively won research grants. In 2013-14 for example, Scottish HEIs won 15.6% of all UK Research Council grants — some £248m — and in that year SFC’s investment in core research levered in an additional £679m in research grants and contracts to our higher education institutions. Scotland’s research also secured wider economic, societal and culture benefits (including health and public services) with 85.8% of REF2014 submissions assessed as having had an outstanding or very considerable impact (83.9% for the UK).

Key examples of where SFC has made strategic investments or interventions to enhance Scotland’s international research competitiveness, or where we have led collaboration between universities, public agencies and industry partners to attract inward investment and enhance economic competitiveness are outlined below:

- £130m investment in core funding for 14 ‘research pools’ since 2003 (a sum matched by universities) to achieve and sustain critical mass of research excellence in selected disciplines across institutions, and enabling shared access to new infrastructure and maximising researchers’ contribution to academic and economic development.
- £120m investment over 5 years (2013-18) in support of the Innovation Centre programme to create transformational partnerships between universities and business in key growth sectors. The 8 Innovation Centres cover digital health, stratified medicine, sensor and imaging systems, industrial biotechnology, aquaculture, oil and gas, construction and data science.
- Helped to secure the UK’s first Fraunhofer Centre, Europe’s largest organisation for applied research.
- Worked with five universities to bring the world’s first International Max-Plank Partnership to Scotland, an international hub for the discovery and exploitation of cutting-edge science and technology.
- Brought the Innovative Medicines Initiative European Lead Factory for Drug Discovery to Scotland, making more than 300,000 compounds available to researchers in universities and small businesses.

Higher Education Statistics Agency (HESA)
• Secured the Offshore Renewable Energy Catapult (TSB) the UK flagship technology innovation and research centre for offshore wind, wave and tidal energy at Strathclyde University.

• Co-funded (with Scottish Enterprise and the University of Strathclyde) the £89m Technology and Innovation Centre, transforming the way academics, industry and public sector partners work together in areas of economic importance including energy, health, manufacturing and smart cities.

• Led the development of Innovation Scotland in partnership with universities, Scottish Enterprise, Highlands and Islands Enterprise and Scottish Government. Innovate Scotland’s remit is to simplify the experience of businesses (and particularly SMEs) of working with academia and to encourage innovation and entrepreneurship.

How successful the SFC is in helping universities: to widen access without displacing prospective students with sufficient qualifications

46. The focus of widening access initiatives is to create a level playing field for all potential students to compete for access to higher education. The impact of the widening access programme supported by SFC should be that the number of students eligible for university entry increases. However, in any given year there are a finite number of places available for entry to Scottish universities. As more students from currently under-represented backgrounds become competitive for university entry in a system with a finite number of places available, the pattern of recruitment and proportion of students recruited from different backgrounds will change.

47. The SFC is a joint member with Scottish Government of the secretariat for the Commission on Widening Access (COWA) which has been established to provide Ministers with advice on how all children born in Scotland can have an equal chance of going to university.

48. In order to widen access without ‘displacing’ other candidates we have:

• Provided significant additional funded places to the sector for widening access. These places are additional to the annual allocation each institution receives and are focused on the most selective, research intensive institutions. For 2015/16, we have allocated £3,656,922 (680 FTE) for

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8 It is anticipated that the TIC will create £300m and 800 jobs for the greater Glasgow economy over its first 5 years of operation.
undergraduate access places, and £6,186,396 (1,180 FTE) for additional articulation\(^9\) places.

- Made these places available to Scottish ‘domiciled’ students, that is students of any nationality who are resident and domiciled in certain postcodes in Scotland, which means access is not restricted for eligible EU students.
- Worked with universities to focus on students from the 20% most deprived postcode areas (SIMD20) but also widened the focus to include students from the 40% most deprived postcodes (SIMD40).

49. SFC’s approach to widening access is based upon working with universities to create and support fair entry systems (‘contextualised admissions’) and learning environments that attract and retain the best students from a diverse range of backgrounds. In order to support this, the SFC:

- Will transfer £14.2 million to Student Awards Agency for Scotland (SAAS) for tuition fees and bursaries associated with the additional places.
- Will work with universities, in particular those with higher entry tariffs and partners such as Supporting Professionalism in Admissions (SPA), to develop fair admissions processes to support under-represented students into university.
- Has developed a wider programme of investment in widening access to university provision with £28m being spent in 2015-16 alone.

50. Applicants to universities in Scotland from across the European Union are entitled to places funded by SFC and are not required to pay fees. Currently 8% of places provided by SFC are taken up by EU students who meet institutional entry requirements.\(^10\) The SFC works with universities to ensure Scottish students are aware of opportunities available to them to study abroad and to encourage international mobility for Scottish students.

51. Students applying to Scottish universities from the rest of the UK are required to pay fees.

How successful the SFC is in helping universities: produce skilled graduates who are capable of sustaining a career or creating new jobs

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\(^9\) By ‘articulation’ we mean progression from further to higher education with advanced standing. For example, students may do two years at college and then progress into year three at university.

\(^10\) From the latest data from HESA (2013-14).
52. As part of its strategy, SFC works with universities to ensure graduates have appropriate skills to enter graduate-level employment and contribute to the overall economic development of Scotland. Such skills include developing entrepreneurial mind-sets.

53. We promote employability and entrepreneurship by targeting funded places for specific key industries; by funding cross-sector internship and placement projects; by working in partnership with organisations such as SDS, Creative Scotland, Scottish Enterprise, Highlands and Islands Enterprise, and NHS Education Scotland (NES); and by funding and promoting enterprise and entrepreneurship programmes.

54. Over the past three years, we have provided an additional 642 undergraduate places into the sector. In 2012-13 some 300 places were earmarked for STEM subjects (science, technology, engineering and mathematics) and a further 342 undergraduate places were allocated in 2013-14 primarily for life sciences and energy-related courses. Universities have been successful in filling these additional places and many of the students are offered an opportunity to undertake some work experience as part of their studies.

55. It should be noted that SFC also supports the development of highly-skilled postgraduates. In 2013-14 we added over 700 additional postgraduate places into the sector targeted at a number of key industries. In addition, we have allocated 215 postgraduate places across the eight Innovation Centres.

56. We fund numerous projects with the purpose of enhancing employability and entrepreneurship. For example:

- **Scottish Institute for Enterprise (SIE):** funded to deliver enterprise education activities including competitions such as ‘Get Enterprising’ (problem solving leading to a business idea), ‘Fresh Ideas’ (early stage ideas) and ‘New Ventures’ (for more established ventures). The SIE team includes Regional Business Advisors, jointly funded by Scottish Enterprise. SIE also runs an annual boot camp, which includes an active schedule of workshops and activities, as well as an annual summit which features presentations from Scotland’s best known entrepreneurs.

- **e-Placement Scotland:** a partnership between Edinburgh Napier and Scotland IS and supported by SFC funding, this project aims to increase the number of paid placements for computing and IT students studying at Scotland’s universities and colleges. In 2014-15 alone more than 130 students were offered a placement through this scheme.
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**
- **And how it helps Scottish universities to monitor and respond to challenges from international competitors**

57. The Funding Council, in its capacity to take a national overview, supports the sector to achieve its ambition to be world-leading in teaching and research by **identifying, leading on, and facilitating** change in the higher education sector.

58. Scotland’s higher education institutions are internationally competitive and committed to providing the highest quality education and delivering world-class research. Three universities – Edinburgh, Glasgow and St Andrews – are listed in the top 100 in the world\(^\text{11}\). As the national, strategic body for higher education we work to ensure that **all** of Scotland’s universities are positioned for excellence – that they are able to innovate in order to serve Scotland, its people and its industries, and to be competitive globally.

59. We achieve this through the expertise of our three policy and strategy committees: **Access and Inclusion**, **Skills** (with SDS), and **Research and Knowledge Exchange**. Below are **just some of the initiatives** that have had a significant impact across the sector that have been **created, supported and maintained** by the Funding Council. We have indicated where these have been mentioned elsewhere in this document.

**Access and Inclusion:**

- **Articulation Hubs:** SFC funds five regional hubs in Scotland to enable college students to use Higher National Certificates (HNCs) to progress into year 2 of a degree programme and Higher National Diplomas (HNDs) to progress into year 3 of a degree programme.
- **Schools engagement:** both the Schools for Higher Education (SHEP) and Access to High Demand Professions (AHDP) have been created and supported by SFC to widen participation in schools with low progression rates to higher education (see above).

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\(^{11}\) According to the QS World University Rankings 2014/15 the University of Edinburgh is ranked joint 17\(^{th}\), the University of Glasgow is ranked 55\(^{th}\) and the University of St Andrews is ranked 88\(^{th}\) in the world.
• **Scottish Wider Access Programme (SWAP):** SFC provides support to mature learners through SWAP which offers activity and access programmes to higher education.

• **Widening Access and Retention / Regional Coherence Fund:** created by SFC in recognition that for some groups of learners, barriers to higher education have particular regional context and are best addressed from a regional perspective. Some universities, but not all, should be supported to address this regional perspective by strengthening articulation with local colleges, and improving retention rates.

• **Looked after children/young people in care/care leavers:** SFC is working with a range of partners to reduce inequalities faced by people with experience of being in care in accessing higher education and achieving their full potential. We have started work to develop a national ambition for this group.

• **Gender Equalities:** In partnership with SDS and the Scottish Government, we are developing a Gender Action Plan to address gender imbalances amongst students within colleges and universities. We have also commissioned research into the approaches to tackling gender imbalance within Scotland’s schools as well as at college and university level to get a full understanding of the complete student journey and the effectiveness of past and present initiatives.

**Skills:**

• **Learning to Work:** SFC provided funding for Employability Coordinators at universities tasked with embedding employability into the core teaching curriculum. While funding for this programme ended in 2010-11, its impact continues through course curriculum delivery.

• **Learning to Work 2:** Building on the success of Learning to Work, SFC created this project focused on students gaining work experience in a variety of sectors. The three HE-focused projects include:
  - *Third Sector Internship Scotland* – delivered 349 paid placements between 2010-11 and 2014-15, engaging students from all 19 of Scotland’s higher education institutions
  - *Making the Most of Masters* - provides opportunities for postgraduate masters students to undertake work based dissertation projects. The latest data shows that more than 740 placements have been completed since the start of the scheme in 2010-11
  - *E-placement Scotland* (see above).

• **Skillset Academy Network:** network of colleges and universities with significant provision in the creative media sector which offers Academy and industry approved courses that meet the needs of the industry.
- **ScotGrad**: graduate placement programme funding some 600 paid placements with Scottish Enterprise and Highlands and Islands Enterprise.
- **Scottish Institute for Enterprise**: entrepreneurial education and ideas programme for undergraduate students (see above).
- **Food and Drink Skills Academy**: network of colleges, universities and private training providers to respond to the training and skills needs of Scotland’s Food and Drink manufacturing industry.
- **Scottish Textiles Skills Partnership**: network of colleges and universities to develop and enhance the provision in textiles design and manufacturing through a variety of qualifications and placement programmes.

**Research:**

- **Research pooling**: this initiative was created by SFC in 2003 to encourage researchers across Scottish higher education to pool their resources and respond to increasing international competition. It has allowed the establishment of critical mass in research and the harnessing of diverse and complementary expertise from across Scotland; and the recruitment of leading international scientists to Scotland (see above).
- **Research Excellence Framework (REF)**: is co-owned by the university funding bodies of the four nations. SFC plays a very active part in ensuring that the REF is fit for purpose and responds to the needs of the Scottish university environment (see above).
- **Research Excellence Grant**: REG helps motivate and reward the sector in developing research quality in Scotland. SFC has made recent adjustments to the allocation method for the grant to further tune that reward/motivation. On the basis of the REF2014 results and the information contained in the two most recent International Comparisons of the Research Base, (UK/Wales), it could be argued that Scotland makes a disproportionate contribution to the UK’s success and SFC’s REG is an important part of that successful system (see above).
- **Connected Scotland** as a member of the Connected Scotland partnership, SFC is very active in promoting Scotland globally as a place to do research and this international viewpoint has helped attract significant investments (and marks of esteem) to Scotland – for example the Fraunhofer Institute in Applied Photonics (see above).

**Knowledge Exchange (Academia– Industry Links):**

- **Innovation Centres**: SFC (2012) took the lead role in establishing the Innovation Centre programme and putting up 100% of the core infrastructure costs for the first six years of the programme. We also negotiated SE and HIE’s involvement as programme partners. The ICs are
demand-led entities which support internationally ambitious open communities of university staff, research institutes, businesses and others to deliver economic growth and wider benefits for Scotland (see above).

- **Interface**: hub connecting organisations from a wide variety of national and international industries to Scotland's 23 higher education and research institutes (see above).

- **Innovation Vouchers**: programme (managed by Interface) which brings businesses and universities together in partnership for the first time to develop new products, services and processes (see above).

- **SFC’s Knowledge Transfer Grant (KTG)**: from its inception in AY2001/02, the KTG has enabled Scotland’s universities to support businesses in Scotland, directly and in partnership with Interface and the newly established Innovation Centres.

- **Innovation Scotland Forum**: created by SFC to provide focus for all parties’ efforts to improve the effectiveness of the university-business interface.

- **QuantIC**: SFC has invested in QuantIC, the UK’s centre of excellence for research, development and innovation in quantum enhanced imaging. It brings together the Universities of Glasgow, Bristol, Edinburgh, Heriot-Watt, Warwick, Oxford and Strathclyde with over 30 industry partners in a collaborative venture to translate new technological applications and revolutionise imaging across industrial, scientific, security and consumer markets. Established in February 2015, it is one of four quantum technology hubs supported by the UK Government’s £270m National Quantum Technology Programme announced in November 2014 which was set up to exploit the potential of quantum science and develop a range of emerging technologies with the potential to benefit the UK.

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**How the SFC balances its roles in supporting the sector and providing a challenge function to Scottish Ministers, and helping to deliver Scottish Government priorities**

60. Although accountable to the Scottish Government, our statutory basis gives us a degree of independence, which allows us to promote further and higher education and provide advice in confidence to Scottish Ministers.

61. Our access to a huge range of data, statistics, evidence and information on further and higher education, and our expertise and skills within the organisation, allow us to inform Scottish Government policy development and provide advice, solutions and critical challenge where necessary to ensure that Scotland maintains and develops a world-class further and higher education system.
62. We are able to do this by providing formal advice to Ministers, or through our formal, informal and day-to-day contacts with officials in the Scottish Government. Once Scottish Government priorities on a particular issue have been decided and communicated to SFC, through formal Letters of Guidance or other means, we play our role in delivering these priorities and are accountable to Scottish Ministers for their successful delivery.