Universities Scotland (US) welcomes the opportunity to contribute to the Committee’s Inquiry. Universities Scotland represents Scotland’s 19 diverse higher education institutions all of which have a strong focus on internationalisation across their teaching, student recruitment and delivery of transnational education as well as their research and knowledge exchange activities.

Higher education’s European and international role

Scotland’s universities welcome 28,500 students from 180 countries studying alongside over 140,000 Scottish students; 29,000 from the rest of the UK and over 17,000 from the rest of the EU. Scottish institutions’ international research funding and contracts have a value of over £110m per annum, (£80m EU and £30m non-EU, data from HESA 2012-13). This international outlook is underpinned by the sector’s strong academic workforce as 10 per cent of all academic staff are from outside the UK.

The sector’s export income, generated through these activities was valued at £1.3 billion in 2012 of which £13.7 million is generated by activities outside the UK. Working with Scottish Development International (SDI) the sector set a goal of increasing the value of its export income to £2 billion by 2017. This is a hugely ambitious goal given existing policy barriers to international student recruitment within the UK, and intense international competition, but it shows the focus and direction of Scotland’s universities.

Is there a clear, coherent and well-resourced strategy for European and international engagement within the Scottish Government and its agencies?

The Scottish Government's strategy for European and international engagement is clearly laid out in the EU Action Plan and the International Framework that align and relate to the Government’s Economic Strategy. These documents have supported the sector’s success in working internationally and universities are working with the Scottish Government in refreshing the Economic Strategy and International Framework.

Scotland’s higher education institutions and Universities Scotland work directly with the Scottish Government and Scottish Development International (SDI) most closely when it comes to international engagement and promotion. These relationships are highly valued by the sector and have been greatly productive.
In 2014 **Connected Scotland** was launched as a collaboration between eight partners, including the Scottish Government, Scotland’s enterprise agencies\(^1\) and the higher education sector, to position our universities as world leaders in higher education and to ensure they become an international partner of choice in teaching, research and knowledge exchange. The partners work together to pool their expertise, networks and experience to identify where there are new opportunities of scale and collaborative ventures. This is a clear illustration of the sector, the Scottish Government and its agencies, working closely together in a coordinated way for international engagement.

**Support from Scottish Government agencies**

With the recognition of higher education as a key growth sector within the Scottish Government’s economic and international trade and investment strategies, and the sector’s key role in supporting industry and attracting foreign direct investment, Universities Scotland has a very close working relationship with SDI, Scottish Enterprise and Highlands and Islands Enterprise as demonstrated by our partnership in Connected Scotland. It has been an enormous asset to the sector as a whole, and to Universities Scotland, to have a dedicated education team at SDI that has been hugely enthusiastic and passionate advocates for the higher education sector.

In addition to bringing collaborative partnership opportunities to Universities Scotland that allowed us to enter agreements in form of Memoranda of Understanding with India and Korea, SDI has been instrumental in setting up and formalising the Framework Statement for Connected Scotland. SDI’s commitment to Connected Scotland and its development of sustained market engagement through a programme of tailored outward missions has been essential in our goal to further develop sustainable international partnerships and to increase Scotland’s international footprint in higher education. A good example was the sector-wide fact finding mission to Indonesia in September 2013 which saw a connected approach being adopted for the first time to which SDI’s support by providing market intelligence and travel grants to participating institutions as well as its in-country support have been vital to the mission’s success. Through market research commissioned by SDI and British Council Scotland Brazil, China, Malaysia and Mexico/Colombia have been identified by the sector as priority countries which will benefit from a connected approach.

For each of our members, also, the relationship with these agencies is an important factor in seeking to deliver their internationalisation strategy.

Like with the British Council, SDI also works closely with UKTI to access the full range of support available and institutions leverage support by taking part in activities and overseas missions led by UKTI to benefit from governmental relationships and connecting into networks and opportunities on the ground overseas.

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\(^{1}\)Scottish Development International (SDI), Highlands and Islands Enterprise (HIE) and Scottish Enterprise (SE)
at UK level. Over the past year members were actively engaged on missions to China and Mexico to name a few.

Direct support from Scottish Government

Supporting the Framework, Scottish Government provides funding directly for two important initiatives:

1. Saltire Scholarships for Outward Mobility

   Scotland’s universities have been positive about the scheme since it was introduced and applications have steadily increased over the period. Since the scholarship programme started in the 2009/10 academic year there has been over 10,191 applicants to the programme and 916 awards given, with 200 still to be allocated for the current academic year. Institutions see it as a useful mechanism in promoting Scotland as it has raised all scholarship profiles as well as the Scottish higher education brand as a whole. Funding is of course finite and therefore focussed on the Government’s priority countries. However, if Scotland wants to continue attracting the brightest and best talent from across the whole world thought should be given as to whether a national scholarship programme should broaden the number of eligible countries to reflect this aim.

2. Outward Mobility Fund

   Outward mobility is a proven benefit to students’ learning experience and their subsequent employability. It is woven into government strategy and the strategies of institutions. The Scottish Government identifies learner mobility as a priority for supporting the achievement of its National Outcome 3 (We are better educated, more skilled and more successful, renowned for our research and innovation) and the Scottish Government’s International Framework recognises ‘the need to look outward and learn from others’.

   By European standards outward mobility remains low in Scotland and the rest of the UK. However, there has been good progress in recent years. NUS research funded by Scottish Government has given us a much better understanding of the barriers preventing Scottish students to take up mobility opportunities and shown that there continues to be substantial hidden mobility outwith the centrally recorded figures for Erasmus. There remains, however, a strategic challenge which the Outward Mobility Fund is focussed on.

   Through this fund, the Scottish Government currently supports HEIs, colleges and student associations in pursuing mobility projects. Recipient students must be considered as home students for fee purposes who have not previously participated in any periods of international study. The fund has been running for three consecutive years and with an average of £125,000 per annum. The overall

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3 http://www.scotlandgoesglobal.co.uk/universities/
spend by the Scottish Government is in the region of £362,000 for its three years of operation. Scottish Government funding for each bid is matched by the participating institutions. The Scottish Government estimates that around 367 students participated in Outward Mobility Fund programmes in its three years of operation. Similar to the Scholarship scheme mobility projects must be in one of the Government’s priority countries (Canada, China, India and the USA) or to a European country if the period of mobility is less than three months.

This funding is extremely welcome. Currently funding is offered over short cycles. Whilst recognising the challenging funding environment, the sector has reflected to Government that greater impact could be achieved, including the sustainability of matching funds, if funding was committed over 3-5 year periods, similar to that of EU programmes, with no restriction on eligible countries.

European initiatives

Universities play an important role in meeting the aspirations of the Scottish Government’s Action Plan on EU Engagement. The Plan notes work to “consolidate Scotland’s position as a world leader in research and creativity, and develop its international reputation as a centre of excellence in science, technology and innovation”. Universities also play an important role in Scotland’s contribution to energy and climate change and to the marine environment.

Institutions have a long-standing history of engagement within Europe in relation to research collaborations and partnerships, research mobility and students exchange programmes. This is often supported through Framework Programme investments. Erasmus and European research initiatives are considered as particularly beneficial to the internationalisation agenda. The information below summarises the opportunities and challenges of some of the programmes that institutions have engaged in.

1. Horizon 2020

Horizon 2020 is the EU’s new programme for research and innovation. Running from 2014-20 with a budget of just under €80 billion, including some €24 billion to support top-level research, Horizon 2020 represents a great opportunity for Scotland’s universities and businesses. Scotland has performed well in predecessors to Horizon 2020 including successfully securing 10.4 per cent of the Framework Programme 7 funding which ran from 2007-2013 (1.3 per cent of the EU total).

It is therefore concerning to note that there may be potential cuts to this programme. The European Commission’s legislative proposal published in mid-January has announced the intention to divert money from the research and innovation budget to a newly created ‘European Fund for Strategic Investments’. If this goes ahead this could significantly reduce Scotland’s ability to lever in resources from Horizon 2020.
2. **Erasmus +**
The new Erasmus+ programme runs from 2014-2020. Following lobbying for an increase in mobility funding at the European Union, it was agreed that the overall budget for the programmes will increase by 40% to €14.7 billion. This increase is phased in and the funding for student mobility will not see significant growth until 2016/17.

The UK has seen a consistent increase in the number of students accessing mobility opportunities under the Erasmus scheme by roughly 7% per year, rising from 10,827 in 2007/08 to 14,607 in 2012/13. The growth has been more notable in Scotland where there was a 12% increase in outward mobility rates in 2013/14 according to the British Council. Nevertheless outward mobility remains low in Scotland and the UK in general by European standards. This growth is occurring while the Erasmus+ budget remains flat until 2016/17.

2014/15 is the second year of a significant financial shortfall in supporting student mobility under Erasmus, which arose in the last academic year as a result of an unprecedented increase in the amount of students participating in Erasmus outward mobility schemes. The UK Department for Business, Innovation and Skills (BIS), following intervention from UK HE International Unit, agreed to put in place arrangements to make up this shortfall, working with the British Council, in order to avoid adverse consequences for HEIs and students. Scottish universities will benefit from this intervention.

3. **Bologna**
Scotland has been a full member of Bologna from its inception in 1999. Scottish Universities continue to be active members and supporters of the Bologna process. Scottish universities and Universities Scotland consider the Bologna Framework to be a fundamental foundation for supporting the development of Scottish Higher Education through structures for student mobility and comparability of standards across European institutions.

The sector works closely with the Scottish Government Higher Education Learner Support Division to inform the future direction of the Bologna Process.

The Scottish Government have been responsive to Universities Scotland’s guidance to maintain the effectiveness of the Bologna Process through constructive rather than punitive engagement with the Bologna Framework and recognition that member states should be supported to progressively implement and enhance their Bologna compliance in line with their own sectors needs and abilities and on their own timescales.

4. **Other EU initiatives**
Universities have been successful in securing funds from other initiatives like the European Social Fund and European Regional Development Fund, and
have taken part in Erasmus Mundus which offers financial support for institutions and scholarships for individuals. Funding is available for: European joint Masters and Doctorates (including scholarships), Partnerships with non-European higher education institutions and scholarships for students and academics, and Projects to promote European higher education worldwide.

**European and international engagement more widely**

Our response to this question has so far focussed on the International Framework and EU Action Plan. However, looking at the Scottish Government’s strategy more widely, the Programme for Government published in November 2014 sets out an intention to create One Scotland partnerships, which not only set out clear trade and innovation goals for specific international markets, but consider the opportunities for the wider public sector, business, industry, universities, Innovation Scotland and the Innovation Centres, NGOs and Scotland’s international communities and diaspora to contribute to their delivery.

The sector is keen to engage in these discussions. It will be important to recognise that different universities and businesses will each have distinct strategic aims. Complementing this diversity within an overarching strategy will be key. Such partnerships are evident now, however strategic support for their formation and success would be welcome and mirrors the approach taken by other nations.

**What has the Scottish Government’s international strategy achieved since its refresh in October 2012, and what has the EU Action Plan achieved since it was first published in 2009? Has the international strategy enabled “Scotland to flourish on the international stage, thus increasing economic growth for Scotland”?**

The strategy and action plan have been important in both highlighting the importance of universities own international links, and their potential to enable the links of others. The documents drive an alignment of support and collaboration of support agencies that can be a real strength for Scotland. Institutions have commented that the articulation with Scottish and UK government schemes to leverage the value of the higher education brand globally provides opportunities at a level which would rarely be possible for individual institutions to achieve in isolation. Many of our institutions have benefited from participation in these schemes in terms of reputational gains, income generation, enhanced research and teaching collaborations and an extension of staff and student mobility opportunities. Institutions will continue to participate in such schemes to aid the achievement of their internationalisation objectives and to contribute to the promotion of Scottish and UK higher education in key markets around the world.

Members have particularly noted the alignment of the aims of the EU Action Plan with the new EU 2020 Objectives and the requirement for detailed tracking of key EU
legislation as beneficial as both, despite the early stage, opportunities and funding for the sector are emerging.

Since the refresh of the Scottish Government’s strategy there has been a clear movement towards greater coordination and alignment of stakeholder agencies’ individual international strategies in the form of Connected Scotland, which represents a good opportunity for the higher education sector to maximise its internationalisation and the export income that flows from that.

What can be learnt from the approaches of other sub-state governments? In particular, how do the EU and international offices of other sub-state governments operate and what tangible outcomes do they achieve?

Immigration policy for international students

The most immediate and significant change in government approach to equip Scotland’s universities to succeed in international recruitment would be to address current immigration policy and, in particular, post study work. The Provincial Nominee Scheme in the Canadian provinces is a successful example of differing approaches to high-talent migration across “sub-state governments”. Under this scheme, the provinces are entitled to allow migration according to their own demographic and economic needs. This might vary significantly from province to province. This has worked successfully for Canada as a whole since 1998.

There are obvious parallels between Canada and the Provinces and Scotland within the UK as Scotland has distinctly different demographic challenges, with a resultant economic impact, which some control over high-talent migration could help to address. Scotland’s population growth is slower than in other regions of the UK. Between 1971 and 2012, Scotland’s population grew by only 1.5% compared to 15% in England. Population growth in England between 2012 and 2037 is projected by the Office of National Statistics to be 16%: in contrast population growth of only 9% is projected for Scotland.

We therefore have a strong case for variations from UK-wide immigration policy. This was recognised by the Smith Commission which recommended, at p. 96 (2) that: “The Scottish and UK Governments should work together to…. explore the possibility of introducing formal schemes to allow international higher education students graduating from Scottish further and higher education institutions to remain in Scotland and contribute to economic activity for a defined period of time.” The Smith Commission did not see additional powers devolved to Scotland as a necessity to achieve this as there is a precedent for differentiation of immigration policy within the UK in the form of the Fresh Talent Scheme which ran successfully in Scotland during the period 2004-2008.

Universities compete in a global marketplace for international student recruitment. The quality and reputation of Scotland’s universities is very high but the current
policy environment does not support our ability to compete to Scotland’s social, cultural and economic advantage. Despite a 1 per cent increase in overall student enrolment numbers of non-EU students from 2012/13 to 2013/14 Scotland’s universities have experienced a substantial cumulative decline in enrolments since 2010/11 of students from key overseas markets, particularly India (-58.4%), Nigeria (-28.2%) and for the first time also China (-2%). In contrast, Scotland’s biggest English-language speaking competitors make a very attractive post-study work offer to international students as part of a package which has seen international student recruitment in Canada, New Zealand and Australia increase whilst Scotland’s stagnates.

The Smith Commission reinforces the cross-party political support for this in Scotland. We very much want to see this taken forward in discussions between the Scottish and UK Governments.

Conclusion

Scottish universities continue to compete and collaborate successfully on an international stage to the benefit of our academic standing, our economy and broader international links.

However, the pace and scale of change is a major challenge as institutions consider strategy over a 5 to 10 year horizon.

Universities Scotland considers the following to be key strategic issues:

- recognition of HEIs’ role as a key force for Scotland’s international impact, reflected in the refreshed Economic Strategy and International Framework;
- dialogue in the development and operation of One Scotland partnerships to ensure that these enhance the existing support for institutions’ significant and diverse international links;
- levels of investment which are competitive in OECD terms to maintain our international competitiveness, in particular support for outward mobility to contribute to development of ‘Global Citizens’; and
- migration policies which support the free flow of talent across borders, and improve our competitive position as a nation

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