



The Scottish Parliament
Pàrlamaid na h-Alba

PUBLIC AUDIT AND POST-LEGISLATIVE SCRUTINY COMMITTEE

AGENDA

11th Meeting, 2016 (Session 5)

Thursday 1 December 2016

The Committee will meet at 9.00 am in the James Clerk Maxwell Room (CR4).

1. **Decision on taking business in private:** The Committee will decide whether to take items 4 and 5 in private.
2. **Section 23 report - Audit of higher education in Scottish universities:** The Committee will take evidence on the Auditor General for Scotland's report entitled "Audit of higher education in Scottish universities" from—

Paul Johnston, Director-General Learning & Justice, and Stephen White, Strategic Policy Lead (HE Funding, Governance and Student Support), Scottish Government;

Dr John Kemp, Interim Chief Executive, Scottish Funding Council;

Alastair Sim, Director, Universities Scotland.

3. **The National Fraud Initiative in Scotland:** The Committee will take evidence on the Audit Scotland report entitled "The National Fraud Initiative in Scotland" from—

Russell Frith, Assistant Auditor General, and Owen Smith, Senior Manager, Audit Scotland.

4. **Section 23 report - Audit of higher education in Scottish universities:** The Committee will consider the evidence received at agenda item 2 and take further evidence from—

Caroline Gardner, Auditor General for Scotland;

Antony Clark, Assistant Director, and Kirsty Whyte, Audit Manager, Audit Scotland.

5. **The National Fraud Initiative in Scotland:** The Committee will consider the evidence received at agenda item 3 and take further evidence from—

Russell Frith, Assistant Auditor General, and Owen Smith, Senior Manager, Audit Scotland.

6. **Work programme (in private):** The Committee will consider its work programme.

Terry Shevlin
Clerk to the Public Audit and Post-legislative Scrutiny Committee
Room T3.60
The Scottish Parliament
Edinburgh
Tel: 0131 348 5390
Email: papls.committee@parliament.scot

The papers for this meeting are as follows—

Agenda item 2

Written submissions

PAPLS/S5/16/11/1

PRIVATE PAPER

PAPLS/S5/16/11/2
(P)

Agenda item 3

AGS briefing paper

PAPLS/S5/16/11/3

[National Fraud Initiative report](#)

PAPLS/S5/16/11/4

Agenda item 6

PRIVATE PAPER

PAPLS/S5/16/11/5
(P)

PRIVATE PAPER

PAPLS/S5/16/11/6
(P)

Public Audit and Post-legislative Scrutiny Committee

11th Meeting, 2016 (Session 5)

Thursday 1st December 2016

Audit of higher education in Scottish universities

1. At its meeting on Thursday 6 October, the Committee took evidence from the Auditor General for Scotland (AGS) and Audit Scotland on the above report. The Committee decided to take further oral evidence, as well as to invite written submissions.
2. At its meeting on Thursday 1 December, the Committee will take further evidence from the Scottish Government, Scottish Funding Council and Universities Scotland.
3. Written submissions have been received from the following organisations—
 - Scottish Government (attached at Annexe A);
 - UCU Scotland (attached at Annexe B);
 - NUS Scotland (attached at Annexe C); and
 - UNISON Scotland (attached at Annexe D).
4. The Committee has also received additional information from Audit Scotland, which is attached at Annexe E.
4. The Committee is invited to consider the report and the submissions.

Written submission from the Scottish Government

Thank you for your letter of 15 November, inviting me to give evidence on the above report on the morning of 1 December. I can confirm that I will attend, and will be accompanied by Stephen White (Strategic Policy Lead – Funding, Governance and Student Support).

I wrote to the Committee on 29 September, setting out the Scottish Government response to each of the Audit Scotland recommendations addressed to the Scottish Government (either on its own or jointly with others, such as the Scottish Funding Council). The Committee may find it helpful if I take this opportunity to update on progress made since then and on future plans.

Scotland's university sector makes a pivotal contribution to the Scottish Government's vision for Scotland's education system – one that is characterised by equity and excellence. The extent and strength of the Scottish Government's commitment to the sector is underlined by the significant investment it continues to make:

- More than £1 billion has been invested each year for the past four years; with a further £1 billion being invested in 2016-17;
- Almost one-quarter of the recent Capital Stimulus package announced for 2016-17 was directed to the university sector;
- A commitment that tuition fees for EU students will continue to be paid for the duration of the course for all those starting their studies in 2016-17 and 2017-18.

There can be no doubt that our universities, with that substantial public investment from the Scottish Government, continue to deliver impressive results:

- We have seen the number of Scottish-domiciled full-time first degree university entrants increase by 11% between 2006-7 and 2014-15 – from 25,790 to 28,640;
- In the 2014 Research Excellence Framework, the proportion of Scottish research graded at the highest level increased - matching or exceeding the performance of other UK nations;
- Scotland has 5 universities in the Times Higher Education World University Rankings for 2016-17. This is more per head of population than any country except Luxembourg.

These impressive outcomes have been delivered in parallel with intense activity by the sector, SFC and the Scottish Government to ensure that opportunities to benefit from a university education are more widely available than they have been in the past. Once again the results are worthy of note:

- In 2014-15, 14% of Scottish-domiciled, full-time first degree entrants to Scottish universities were from the 20% most deprived areas of Scotland, up from 11.2% in 2006-7;
- The number of Scottish-domiciled HE qualifiers (from universities and colleges) from the 20% most deprived areas increased by over 2000 from 8305 in 2006-7 to 10395 in 2014-15. That represents a 25% increase;
- More than 2100 Widening Access places have been allocated to institutions between 2013-14 and 2015-16, with a fourth tranche of 680 places in 2016-17;
- By the end of academic year 2016-17, Scottish Government investment in additional places for Widening Access and Articulation will total £128 million since 2013-14;
- SFC figures¹ also show that there has been a 17% increase between 2013-14 and 2014-15 in the number of undergraduate entrants declaring a care-experienced background;
- SFC figures show that retention rates for Scottish-domiciled undergraduate entrants to Scottish universities increased to 90.5% between 2011-12 and 2014-15.

These achievements have been delivered whilst maintaining the Scottish Government's commitment to ensure that access to higher education continues to be based on the ability to learn and not the ability to pay.

Looking to the future, the Scottish Government recognises that there are challenges which need to be addressed. The most immediate of these is to continue our work – alongside the sector and other key stakeholders - in ensuring that any damage arising from the impact of the EU referendum outcome is minimised and that Scotland's universities continue to attract the best students and researchers from across the world.

Scotland is an active and valued partner in a large number of EU research collaborations, and has secured significant funding from EU research programmes as a result. In 2014-15, our universities secured £94 million from various EU sources (including EU institutions, charities, business and other sources). This represented 9.4% of their total research income. Scottish Government Ministers, the Chief Scientific Adviser, Professor Sheila Rowan, and officials have been working hard to make it clear that universities in Scotland remain committed to working with European partners and to attracting the best international talent.

¹ Universities: Progress and Ambitions – Summary of progress 2015-16.

Scottish Government Ministers continue to press the UK Government to provide assurances that the immigration status and rights of EU nationals currently living in Scotland will not change in the future.

As the Audit Scotland report highlights, the world-class reputation of Scotland's universities has meant that more international students have chosen to study here. That is something the Scottish Government welcomes. However, Ministers continue to press the UK Government to reintroduce a post-study work route. This would provide an additional lever for attracting the best international student talent, secure essential income streams, and allow talented graduates to continue contributing to Scotland after their studies. The Committee will note that Scottish universities were excluded from the Tier 4 visa pilot announced for some English universities in August.

The Scottish Government is committed to positive, strategic engagement with the higher education sector. In addition to an extensive programme of Ministerial visits and meetings with the sector, Ministers also established a Higher Education Strategic Funding Group, consisting of Universities Scotland and nominated Principals, the SFC and Scottish Government officials, which is considering how best to build on the sector's success and address the challenges it faces. It will also look to develop a long-term framework to underpin our relationships.

We are also continuing to work with the sector to progress work on the development of detailed plans to implement the recommendations of the Commission on Widening Access, including the target of ensuring that by 2030, students from the 20% most deprived communities should represent 20% of university entrants. More detail will follow in coming weeks.

It is also important to bring to the Committee's attention that the Review of Student Support has now been launched, with the appointment of the CEO of Virgin Money, Jayne Anne Gadhia, as the independent Chair. The Scottish Government is committed to ensuring that support is equitable and fair for students, particularly the most vulnerable. The Audit Scotland recommendation that the Scottish Government and SAAS analyse existing student bursary and loan data to identify the impact of current student finance policies on different groups of students, such as those from deprived backgrounds or part-time students, will be considered within the work of the Review of Student Support.

I trust that the Committee finds this additional submission helpful and I look forward to providing further evidence on 1 December.

Yours sincerely,

PAUL JOHNSTON

Written submission from UCU Scotland

The University and College Union (UCU) is the largest trade union in the post-16 education sector in the UK, representing over 110,000 academic and related members across the UK, and is the largest union in the higher education sector in Scotland. Our members in Scotland are predominantly in higher education and we have limited our comments to the 'audit of higher education in Scottish universities' and not commented on the 'Scotland's colleges 2016' report.

Introduction

UCU welcomes the opportunity to contribute to the work of the committee and their consideration of the Auditor General's audit of higher education. On the publication of the report we welcomed its publication recognising the detailed research and analysis that went into producing the report albeit that it reflects higher education before the decision for the UK to leave the European Union and the impact that this is having on the sector. The staff in Audit Scotland also, to our mind, did a commendable job in consulting with the sector in bringing the report together.

In her evidence to the public audit and post-legislative scrutiny committee, Caroline Gardner highlighted a number of issues from the report

- The concentration of resources in a small number of universities with the remaining institutions being at risk of being too reliant on SFC funding and the threat of cuts;
- Increasing difficulty of Scottish domiciled students getting places; and
- Student debt.

The report itself also highlighted some key messages, including some of those above, but also including:

- Widening access; and
- Joint working with industry and the public sector in support of national strategic objectives.

Audit of higher education

The aspect of the report which received most coverage following the publication of the report was that of funding, and particularly the sustainability of funding in the future. This was also drawn out by the auditor general when giving evidence to the committee when she commented on the different levels of funding different universities were able to draw on, and that two universities, Glasgow and Edinburgh, hold a disproportionate share of money held in surplus in the sector.

UCU believes that, as autonomous institutions, it is right that universities are able to seek income from sources including research money, charitable donations and

income generating activities in addition to government funding. In doing so it is inevitable that some universities will be more successful than others.

We do believe, however, that we should try and counter any suggestion that Scotland should aim for a policy objective of different classes of universities with some who carry out the lion's share of research and teach a small number of privileged students and others being more teaching focused, and serving much larger numbers of students. This distinction would be a model largely alien to Scotland. We know that while there is disparity between individual institutions in the amount of research that they carry out, removing the link between research and teaching would risk damaging the international reputation of Scottish higher education, and that the teaching in universities benefits from the research carried out and vice versa.

The report also highlights the risk to Scottish higher education of the threat to the HE budget being subject to Scottish Government cuts and this having a particularly marked effect on those universities most dependent on SFC funding.

Such threats around cuts are common to any sector that is within the public sector or delivers a public service, and decisions on funding are rightly made by elected politicians and the Parliament. UCU is supportive of the decision to maintain a policy of no tuition fees for Scottish and EU students, albeit that we argue fees are unfair for students regardless of where they are from, but don't accept that the trade-off for this policy, as is sometimes portrayed, is for either insufficient student support or a shortfall in the funding for our universities. If we want Scotland to be as successful a country as it can be, then higher education needs to be properly funded with staff well resourced, students properly supported and able to attend irrespective of their family income, and universities appropriately funded to carry out both world leading research and quality teaching. This should not be unachievable. UCU has for several years advocated a business education tax², and with the new taxation powers available to the Scottish Parliament then we hope that parties in future Scottish Parliament elections will be open to looking at whether using those powers to ensure the proper, competitive funding of Scottish higher education and supporting students is an option.

The report itself and the discussion at the committee's 6 October 2016 meeting also discussed the student support system. We have supported NUS's call for a review of the system and are pleased, as Audit Scotland acknowledged, that the Scottish Government has announced its review. Again though, it cannot be seen in the context of a choice between properly funding fees, or support, or well-funded universities themselves. Higher education in its entirety needs to be appropriately funded if it is to play its multi-faceted role of enhancing social mobility, driving the

² <https://www.ucu.org.uk/BET>

economy, and furthering research and knowledge alongside the other societal benefits of higher education.

With a 3% cut to the higher education budget in the current financial year, and, ahead of the imminent changes to university governance, university senior managements are continuing to push through short-sighted decisions on cutting jobs in a number of institutions, leading to real insecurity in the sector. Over the past year we have seen job losses either threatened, voluntary redundancies or compulsory redundancies at Dundee University, Abertay University, Robert Gordon University, Aberdeen University, and the University of the West of Scotland. At Aberdeen, we are currently balloting members with a view to industrial action over staff at risk of redundancy in the school of medicine. Taken cumulatively, that amounts to job losses at a quarter of Scotland's higher education institutions so the issue of funding is very much to the fore of our thinking.

As in previous years, we have worked with colleagues in both Universities Scotland, sister trade unions and NUS Scotland to produce a 'common cause' statement to make the case for increased funding for higher education which should shortly be sent to MSPs.

The report makes mention of the impact of policy changes in English higher education and their impact on Scottish universities³ and in particular the introduction of the Teaching Excellence Framework (TEF) where it makes reference to the provisions of the UK Government Higher Education and Research Bill currently being scrutinised by the UK parliament. We have separately set out for the Education and Skills committee as part of their scrutiny of the legislative consent motion for the bill our opposition to the proposal to allow Scottish universities to opt in voluntarily to the proposed Teaching Excellence Framework (TEF) because we believe that the existing Scottish framework works well and that if, even on a voluntary basis, some Scottish universities opt into the TEF then there will be irresistible pressure for other institutions to do the same, with the result that Scottish higher education will be a further step along the road to marketisation, without proper scrutiny in the Scottish Parliament and which we do not believe the majority of MSPs would support.

The report also identified that there is scope for increasing opportunities for universities, and partner organisations including the Scottish Government to work together to drive forward an economic strategy for the country. This is clearly important work, and the recent 'Enterprise and Skills' review's findings for the Scottish Funding Council will play a part in ensuring the higher education and industry continue to work together. As an academic and related trade union, UCU believes that, as well as having a crucial role in driving innovation and the economy, universities also have an, at least, equally important function in that the staff who

³ Audit Scotland, Audit of higher education in Scottish universities, part 5, paragraph 120.

teach and carry out research in universities make significant intellectual contributions in advancing scholarship and the sharing of knowledge that should be similarly valued.

Brexit

It is also worth noting that in some ways the timing of the report is unfortunate. The impact on higher education in Scotland and across the UK from the UK leaving the European Union are enormous and will impact on the EU staff who work in our universities, impact on research funding, and impact on EU students now and in the future. We warmly welcomed the announcement when it was made by the Scottish Government to fully fund for the entirety of their courses EU nationals applying to study in Scottish universities starting in both 2016/17 and 17/18.

If you were, post 23 June 2016, to start afresh and write a report on Scottish higher education identifying the threats to our universities you would probably begin with a significant section on the UK leaving the European Union and the dangers therein. That this isn't included is unfortunate but not something that Audit Scotland could reasonably have been expected to foresee or include given the, generally accepted, surprise result of the referendum.

For more information contact:

Murdo Mathison, Policy and Communications Officer, UCU Scotland

E-mail: mmathison@ucu.org.uk

Written submission from NUS Scotland

Introduction

NUS Scotland welcomes this opportunity to provide evidence to the committee, as part of discussions around the recent Audit Scotland report, Audit of Higher Education in Scottish Universities. NUS Scotland was a member of the project advisory group, and we welcomed the report – importantly, the first of its kind – upon publication. The report provided an important snapshot of the state of the higher education sector in Scotland, highlighting how the university sector is, rightly, in receipt of well over a billion pounds of public funding but emphasising the important role universities can, and must, play in ensuring genuine public benefit for that level of public funding, not least through widening access. The report emphasises the leading universities we have and the excellent outcomes they deliver for our students – but, was right to highlight that this is only the case for those able to access one of the precious places currently available.

Over the last couple of years, NUS Scotland, Universities Scotland and UCU Scotland are all united around a common cause of the need for our universities to be funded through strong, sustainable and public investment. Audit Scotland's report, however, raises the need for that funding to fully support our ambitions for higher education, and that the quality or experience for students doesn't suffer. At the same time, ensuring the necessary public funding doesn't mean we shouldn't then question our universities to ensure that funding is spent in the most impactful way possible – as the report highlights, income has risen by 38% over the last decade, and reserves stand at £2.5 billion. Students deserve to know how that money has been, and will be, spent, and what it means for them and their learning experience.

The report was right to recommend the need for government to ensure public funding fully supports the ambitions and priorities that have been set for higher education, and the commitments made by Government, universities and colleges, and the wider sector – not least on widening access. Those opportunities, and our ambitions, however, also require the necessary support for students to not just access higher education but also to stay there and succeed. That is why it was very welcome that Audit Scotland highlighted the need to look again at the support provided to students, not least at the balance of loans and grants. For the purpose of

this submission, NUS Scotland has focussed in on the recommendations of the report that are priorities for NUS Scotland – those around widening access and student support – not least as we look ahead to the upcoming draft budget; the appointment of a Fair Access Commissioner; and, the ongoing work of the proposed review of student support.

Ensuring the resources to deliver on our access ambitions

As the audit notes, outcome agreements – whereby institutions are required to better evidence their public benefit in return for the public funding they receive – have undoubtedly been a big step forward in ensuring the funding SFC provides delivers better and fairer outcomes. However, as the SFC's *Learning for All* publication shows, while it's encouraging to see access rates for our poorest students going up, it's still marginal and not fast enough if we're to truly achieve our ambitions on fair access.

University entrants from the 20% and 40% most deprived areas increased respectively to 14.1% (from 14% in 2014/15) and 30.8% (from 30% in 2014/15). An ambitious target of ensuring fair representation in our universities by 2030, however, will require the resources and places to ensure it is met and continue increasing the number of available places; not least as NUS Scotland research suggest, on current trends, this target will be missed by decades. Equally, UCAS statistics show that there persists a large gap in the conversion rate of applications to acceptances between the most deprived and least deprived.

The below shows – using the most recent available UCAS statistics for 18 year old Scottish domiciled applicants to Scottish universities (*albeit, this data set comes with a number of caveats*) – the conversion rate of applicants to acceptances, across each SIMD quintile. It shows that there persists a significant gap in the conversion rate between application and acceptance rates between those students from the most deprived backgrounds and those from the least deprived.

SIMD (%)	Application : Acceptance					
	Conversion rate (%)					
	2010	2011	2012	2013	2014	2015
0-20	67	63	67	71	65	63
20-40	71	68	70	73	71	72
40-60	76	70	72	72	69	72
60-80	78	72	75	74	72	75
80-100	77	74	76	75	74	75
Total	68	64	66	67	64	66

As such, we welcomed the audit's recommendation that *"SFC and Scottish Government undertake and publish research on trends in applications, offer rates and acceptances for Scottish university places to assess what impact the limits on funded places are having on access to the university system for Scottish and EU students. They should consider the implications of this research for existing policy ambitions and funding approaches."* This is a recommendation that we would look to the Fair Access Commissioner, upon appointment, to also make a priority.

Some of the greatest progress we have seen in recent years on fair access has undoubtedly been as result of the SFC's delivery of additional funded places specifically for widening access and (as discussed below) articulation. While fair access should be absolutely core to what universities are doing, those additional places have provided the necessary catalyst for greater action, with 2,638 additional places being delivered for fair access since 2013/14. However, as we are in the final year of those additional places, we must look at how we carry them on in future, ensuring a place in education for all those with the potential to succeed. Equally, it must be noted that **those places have only been achievable through a transfer of funds from SFC to SAAS**, to cover the tuition fee grant and living cost bursary for those students, putting added pressure on the remaining resource budget.

The role of articulation in fair access

As the report noted, overall SFC spent £45m on various programmes to boost fair access – however, this does not just cover programmes to support direct access to university, but also efforts to boost articulation. As the most recently available figures show, **29% of students studying in college are from the 20% most deprived backgrounds**. For just those studying higher education in college the figure is 23%. As noted above, and in light of those figures, along with additional places for widening access, the SFC also introduced additional places for articulation. Since 2013/14, the SFC has funded 4,310 such places, boosting the numbers of students articulating from college to university.

That said, it is not just through these additional places that articulation activity occurs, and it is a distinctive feature of Scottish higher education. However, looking away from those funded places – which guarantee a student direct entry to university into the appropriate year – and as the Commission on Widening Access showed, it is incredibly disappointing that there continues to be huge disparities in work on articulation between our different types of university. Figures from the SFC show that:

- Overall, our ancient universities account for only 6% of students from the most deprived backgrounds moving from college to university;
- Making that figure even starker is the fact that, of those 113 students, 91 are made to start over again in first year ('progression only');
- A further 10 are made to duplicate a year of study ('advanced progression', typically this is HND students who are made to repeat 2nd year);
- Overall, across all institutions, 51% of articulating students are forced to repeat years of study – only 49% enter university from college at the year and level they should.

Articulation is a success story of Scottish education and fair access, but far from the complete success it should be. Instead, countless students (often from our most deprived backgrounds) are made to unfairly repeat years of study, taking on the extra debt, workload, and opportunity costs that comes with that duplication. That

should be a matter of urgency to address, as it comes at a huge cost – to the student and also society as a whole. In light of continued pressures on SFC, university and college budgets, that is a huge waste of resource, as SFC essentially has to fund extra years of study and it takes up an extra university place that could otherwise have been accessed by someone else. We believe that must be addressed as a priority, and that must be a priority for universities.

Higher education support

As the report notes, following reforms in 2012, total student loan funding, from SAAS to students, increased from £174.6 million to £337 million. Those were reforms that were supported by NUS Scotland, as they were intended to significantly increase the amount of support available to students. While it cannot be escaped that this came through in the form of loans, rather than grants, worst of all would have been no increases at all. However, it is clear that – on the basis of various pieces of evidence since then, and now that the reforms have had time to bed-in, and we have seen the take up from students of these increased loans and the effects of various groups of students – they are reforms that we must revisit.

At the end of 2015, SAAS released its annual student support statistics, showing, among other things, the amount of grants, loans and fee payments being paid to students. At a top level, this showed that among those from lower household income brackets (those most in need of support, and also with access to higher levels of loan funding) there was a relatively large level of non-take up of loans. A FOI request to dig deeper into these figures raised a number of concerning findings about the number of students who do not take any loan. **The below shows the percentage of students studying degrees and HNC/HND programmes who do not take any student loan, broken down by household income bracket.**

Household income	Not taking a loan (%)	
	Degree	HNC/HND
Max bursary	5.97	8.77
Less than max	54.55	80.84
Up to £16,999	16.48	25.75
£17,000-23,999	16.62	25.66
£24,000-£33,999	16.64	27.27
£34,000 and above	28.57	47.27
Receiving no bursary	46.68	45.96
Total	36.10	33.35

These figures show that:

- Across all household income brackets, 36% of students do not take out any loan. Students studying higher education at college are less likely to take on a loan compared to those studying at university;
- In both the lowest household income bracket (up to £16,999) and the second lowest (£17,000-£23,999), 20% of students don't take any loan. Those figures rise to 26% of students, in each bracket respectively, who are studying higher education in college;
- Not taking any loan would see the amount of support a student in the lowest household income bracket receives drop from £7,625 per year (loan and bursary) to £1,875 (just bursary). In the second lowest, it falls from £6,875 to £1,125;
- 66% of mature students (those in receipt of the independent student's bursary) don't take out a loan. Any of these students with a household income of £17,000 and above receive no bursary support.

It was very welcome that Audit Scotland recommended that “*Scottish Government and Student Awards Agency Scotland (SAAS) should analyse existing student bursary and loan data to identify the impact of current student finance policies on different groups of students, such as those from deprived backgrounds or part-time students*”. Since then, we have the announcement, as part of the Scottish Government’s Programme for Government, that there will be a comprehensive review of student support undertaken between autumn 2016 and autumn 2017, which we hope will address the issues identified in the audit.

For more information, contact:

Philip Whyte, Policy and Public Affairs Manager

Philip.whyte@nus-scotland.org.uk

Written submission from UNISON Scotland

Introduction

UNISON is the largest trade union in Scottish public services. Our members deliver services, pay taxes and also have a wider citizenship interest in how services are provided and paid for. Members have a unique perspective on public service delivery meaning they can make a valuable contribution to the policymaking process. Our members provide essential roles across higher and further education, these roles while often overlooked by policy makers are key to the functioning of education institutions and to the student experience. UNISON Scotland welcomes the opportunity to respond to the call for evidence from the Scottish Parliament Public Audit and Post Legislative Scrutiny Committee November 2016

Evidence

Further Education

The further education sector has undergone substantial change following the Post 16 Education Act 2013. Funding has been cut severely, colleges have merged and new regional boards put in place. UNISON welcomes the call for better reporting on and measurement of the benefits that were claimed would come from mergers and regionalisation. Reforming education is not done by passing an Act of parliament in itself so effective monitoring and reporting on the process is essential to both driving change and to learning lessons for future reforms of both this service and others.

The report recommends, as it did last year that:

- Scottish Government and the SFC to specify how they will measure and report on progress on the promised benefits of mergers
- And to publish information on the costs and savings achieved through the mergers process.

These recommendations were also endorsed by this committee last year and UNISON is concerned to that to see that these recommendations have not been acted upon in the last year.

The failure to respond to these audit recommendations is one of the reasons that UNISON welcome the recommendations in the report that the government to relook at the role of the Scottish Funding Council (SFC) in relation to college governance. Currently we are in a position where the government and the SFC claim not to have responsibility/ powers over how colleges are run. Colleges are public bodies and need to be accountable for how they are run, for achieving outcomes agreed with government and funding bodies and to the wider communities which they serve. This requires openness round outcome agreements an round the data that will measure whether these are being met and clarity about where at to which bodies they are reporting to and who is accountable for achieving the outcomes and finally what will happen when objectives are not achieved.

UNISON also supports calls for colleges to develop medium term financial plans particularly round national collective bargaining and a systematic approach to workforce planning. It is only reasonable that any large institution works in this way. This should also involve negotiating with staff and their trade unions not just on wages and terms and conditions but also on how to deliver the service efficiently. Including staff in strategic development is the best way to develop efficient services and also to avoid disputes like the current costly one.

It is not just the structures that have changed in further education. While the number of under-25s in full time education has increased by 14% in the last 8 years overall numbers have dropped by 41% and part-time students by 48%. As UNISON warned at the time changing the sector to focus in this way has had a disproportionate impact on women and older students who make up the bulk of the reductions in student numbers. UNISON believes that this is not a positive change; if we are to build our economy then it is vital that those in and out of work are able to continually develop new skills in order to find and keep work in as jobs change. Providing opportunities for people to combine work and caring responsibilities with education should be central to any economic strategy. Not everyone can afford to be full-time students and for those with other responsibilities like parents or carers its more than a financial challenge, they just don't have time. Cuts in part-time provision are restricting opportunities for individuals and has serious risks for our economic future.

Despite the budget cuts and job losses the report indicates that the hard work and commitment of staff has minimised the impact on students. The same cannot be said of the impact on the remaining staff. As our report Learning the Hard Way showed staff are under pressure, morale is very low and trust in management is at rock bottom. The current pay dispute where support staff were offered a substantially worse offer than teaching staff has only served to make this worse.

Despite UNISON's many warnings organisations were set up without resolving the complexities of staffing issues. As the report states harmonisation of terms and conditions is still unresolved. These are not minor issues: people cannot be treated as an afterthought and issues kicked into the long grass indefinitely. Further education is all about people; education cannot be delivered by robots. It requires highly motivated staff with excellent people skills. You cannot expect teams to function and deliver a high quality service in the long term where team members have different working hours, leave entitlements, and wages.

Despite going through ACAS the pay dispute remains in place. UNISON was very happy to move to a national joint negotiating body but is now in dispute because our members were not offered the same deal as lecturing staff as had happened the year before. Support staff are crucial to the overall student experience and there is no reason why they should not get the same pay offer as teaching staff. There also still appears to be issues with the relationship between the NJNC and the individual employers, who do not appear to be fully signed up to the national negotiations process. The SFC and the Scottish government have no direct route to take action to resolve the dispute. UNISON is keen to make national bargaining work and would welcome support for the government and SFC to ensure that it does.

While UNISON had issues with college mergers and regionalisation we did support the Scottish government's aim to ensure that colleges were properly governed and accountable. UNISON was positive about setting up new boards that would be able to hold management accountable for the way they run colleges. While we were disappointed that, unlike in higher education, there were no union places on the boards we were positive about the role of staff rep. The report confirms there are still substantial gaps in information about costings and savings from the process and the role of the SFC in monitoring and engagement has not improved. Without the information how are boards, the funding council or the Scottish government able to make judgements about how colleges are delivering on their objectives. UNISON would like to see a wider remit for the SFC in monitoring services currently, like in Higher education, the SFC does not appear to feel it should look at how colleges are spending money other than round issues like gross misconduct and fraud.

Academic freedom is an important principle that must be protected but that is not the same as highly paid senior managers being unaccountable to the government, students or the wider community for the decision that they make or how their institutions meet the outcomes set for them in return for substantial amounts of public money.

Higher Education

Funding

Audit Scotland reports that "Overall the Scottish higher education was in good financial health in 2014.15" but also highlights underlying risks. The Scottish government has made a great deal of its commitment to "free higher education" but university funding is clearly under pressure. Some institutions are less reliant on the Scottish government as they can access substantial research funds from other public, private and charitable sources as well as recruit fee paying students from the rest of the UK or outside the EU. Student fees while raising their overall income is of course used to deliver the courses to those fee paying students. There is very competitive global market for those high paying international students and universities need to invest those fees in the courses and services that attract and retain those students. Those institutions that attract fewer fee paying students are though more at risk from Scottish government budget cuts.

The policy of free higher education is aimed at ensuring that those from less well off backgrounds are able to access higher education. This policy therefore need to be adequately funded both to ensure that there are enough places available for non fee paying students at universities and as is increasingly apparent to look at ways of increasing funding support for the living costs of those without well off parents to support them. The policy has not led to the desired outcome of closing the gap and research indicates that while fees are not a barrier the cost of living and debt is still a substantial issue for people from low income backgrounds.

All universities receive large amounts of public money and the government is right to set outcomes that they expect in return for that funding. But we need to see more than setting outcomes. There needs to be improved monitoring and reporting on those outcomes and follow up where they are not being met. Outcomes need to

cover admissions policies and the work universities to encourage applications from less well off backgrounds and the work they do with schools and colleges to support this. It must be about more than agreeing outcomes, there needs to be an improved mechanism for monitoring the achievement of the outcomes.

While universities may not be officially public bodies they provide a public good and receive substantial amounts of public money. Having a wide range of funding sources beyond tax payers does not mean they shouldn't be accountable to the public. The current mechanism of the Scottish government agreeing outcomes with the SFC and then the SFC with institutions does not appear to be more than a tick box exercise. UNISON therefore welcomes the audit report's call for a review of the outcome agreement process. It is our experience that other than gross misconduct or fraud the SFC is reluctant to hold universities to account for their performance. This is not about academic freedom but how institutions are managed and governed. Even private companies have boards of directors and financial regulators to whom they have to report and respond to. There needs to be a much clearer and more stringent system in place to ensure that this is happening.

Universities require adequate funding to meet the outcomes that the Scottish Government sets for the sector. Teaching Grant is a slight misnomer. Adequate teaching funding is about more than the wages of those who stand up in lecture theatres. It also funds the activities that support teaching for example technicians. Austerity is impacting on all public sector budgets but better planning, management and accountability can at least make things "less bad". Longer term funding decisions would help with planning and support as would ensuring that institutions focus on the appropriate priorities.

Widening access is crucial but it is not currently clear how this will be funded across universities, colleges and schools. Funding cuts mean that students are suffering and it is often the most vulnerable who do, it's not just about direct funding to students but the numbers of support staff who are available to support students through their academic journey whether its direct support to individuals with a disability or welfare roles, careers guidance etc.

Promised new governance arrangements for individual universities have also been slow to come into place and senior management have been resistant to these changes. UNISON hopes that the new code of practice will be in place soon. The Scottish Government should do more to ensure that individual universities are responding quickly to its policy commitments. For example Angela Constance wrote to the SFC to say that all universities should be paying the Living Wage and be complying with the Fair Work Agenda but when the living wage is updated some universities do not adjust to meet it but want to wait for following years pay claim leaving low paid staff out of pocket.

Conclusion

UNISON is the largest trade union in Scottish public services. Our members provide essential roles across higher and further education, these roles while often overlooked by policy makers are crucial to the functioning of education institutions and to the student experience. The Post-16 Education Act (2013) was intended to bring substantial changes to the organisation and governance of the sector. The

reports support UNISON calls for much to resolve outstanding staffing issues from mergers and regionalisation. Staff cannot be an afterthought. We welcome the calls for better measuring and reporting on both the costs and savings of the mergers and reporting on the costs and benefits of the mergers process and the new ways of working. UNISON also supports a review of the role of the SFC in relation to the organizations which it funds and the Scottish government. We believe that there needs to be much clearer and stronger accountability from higher and further education institutions for the public money they receive and the vital role they have in Scottish public and economic life. UNISON Scotland welcomes the opportunity to respond to the call for evidence from the Scottish Parliament Public Audit and Post Legislative Scrutiny Committee November 2016

For further information, please contact:

Dave Watson d.watson@unison.co.uk

Kay Sillars: k.sillars@unison.co.uk

Additional information from Audit Scotland

Introduction

1. At the Committee's session on 6 October 2016, the Committee requested information on how much it would cost were the Scottish Government to provide places for all applicants who apply for places at Scottish universities. Currently, the SFC places limits on the number of university places it will fund for Scottish and EU students undertaking undergraduate and selected taught postgraduate courses. We have used available information to provide an illustrative figure based on applications data for 2015. This is provided below along with the methodology and associated caveats. Much of the data that would be needed to provide a more definitive figure is not publicly or readily available. The Scottish Government and SFC may be able to provide a more definitive figure.

Cost of providing places for all applicants

2. In 2015, there were 47,710 Scottish applicants to Scottish universities. Of these 30,665 accepted an offer of a place. The remaining 17,045 applicants did not receive any offer (8,885 applicants) or accept a place (8,160 applicants). We have used this 17,045 figure as the base figure for our cost estimate.
3. The average price per place paid by the Scottish Funding Council for non-controlled subjects to Scottish universities in 2016/17 was £5,001. The additional tuition fee element received by universities from the Scottish Awards Agency Scotland was £1,820. Combined together, universities received an average of £6,821 per non-controlled place in 2016/17.
4. Multiplying the 17,045 applicants who did not receive any offer or accept a place in 2015 by the average funding per place received by universities in 2016/17 (£6,821) equates to an estimated additional cost of providing places for these applicants of around £116 million (£31 million in additional tuition fees and £85 million in SFC average funding per place). Table 1 on page 3 shows the methodology used.
5. As stated previously, this is an estimated figure based on available information. This figure should be treated as illustrative due to the number of assumptions used:
 - The calculation assumes that all people who applied in 2015 could have entered a university. We do not know the level of qualifications applicants are applying with or the quality of the overall applications. These factors will affect whether a university makes an offer or not. The calculation also assumes that those applicants who chose not to accept an offer would accept an offer in future. The actual number of applicants who could have entered university is therefore likely to be lower than the number used in the calculation.

- We have used an average price per place based on the SFC's six price bands. There is no publicly available national information on which subjects there may be potential unmet demand in. This would affect the actual overall cost depending on which price bands the subjects were located in. Any expansion in places may also affect the price per place paid by the SFC as this would be dependent on the budget available.
- The calculation uses 2016/17 FTE numbers for non-controlled places to work out the average price per place. It does not include controlled places as these are influenced by national workforce planning demands.
- We have used the current price bands to work out the average price paid per funded place. As noted in our report, *Higher education in Scottish universities*, it is not clear to what extent the public funding of Scottish and EU students is intended to cover the costs of their teaching. In 2014/15, universities recovered 94.2 per cent of the full economic cost of publicly funded teaching. This figure includes the teaching of Scottish and EU students but also fee-paying students from the rest of the UK. It is not possible to identify the percentage recovered by universities solely for Scottish and EU students funded by the SFC and SAAS.
- As we state in paragraph 33 of our report, *Higher education in Scottish universities*, universities currently enrol more students than their specific allocation of funded places in certain categories. These are known as 'fees only' - universities receive the tuition fee element from SAAS but do not receive the accompanying teaching grant from the SFC. In 2014/15, there were 10,091 fees only places at Scottish universities.

Table 1. Figures used to calculate average price per place paid by SFC to universities

	SFC Price Band 1	SFC Price Band 2	SFC Price Band 3	SFC Price Band 4	SFC Price Band 5	SFC Price Band 6	Price Total
FTE Numbers 2016/17 Non-controlled places	606.0	5625.8	32374.5	15640.9	13769.2	40928.6	108,945.0
Price per band 2016/17 (inc. tuition fee)	£16,454	£9,336	£8,274	£7,203	£6,367	£5,190	
Total cost per band 2016/17 Non-controlled places	£9,971,124	£52,522,469	£267,886,613	£112,661,403	£87,668,496	£212,419,434	£743,109,539
Average price paid by the SFC per place in 2016/17 (Total cost divided by Total FTE)							£6,821

The price per band paid by the SFC is inclusive of the tuition fee paid by the Scottish Government. Therefore, the average price paid per place (£6,821) can be broken down into £1,820 tuition fee paid by SAAS and £5,001 unit cost paid per place by the SFC to universities.

6. The estimated figure in paragraph 4 was calculated as follows:
 - Total estimated additional cost = 17,045 applicants in 2015 who did not receive an offer or accept a place multiplied by average price paid (£6,821) = £116.2 million.

Public Audit and Post-Legislative Scrutiny Committee

11th Meeting, 2016 (Session 5)

Thursday 1st December

Report By Audit Scotland

The National Fraud Initiative In Scotland

1. Audit Scotland's report on the National Fraud Initiative in Scotland was published on 30 June 2016. The report is a summary of the data matching exercise conducted by Audit Scotland using its statutory powers under the Criminal Justice and Licensing (Scotland) Act 2010. Audit Scotland, working closely with public bodies, external auditors and the Cabinet Office has completed another major data sharing and matching exercise. The National Fraud Initiative (NFI) exercises make a significant contribution to the security and transparency of public sector finances by confirming that services are provided to the correct people and by reducing fraud and error.
2. Key messages from the report are:
 - Since we last reported on the NFI in Scotland in June 2014, outcomes valued £16.8 million have been recorded and the cumulative outcomes from the NFI in Scotland are now at £110.6 million. These outcomes represent a significant return to the public finances of Scotland at a time when public finances continue to be under pressure. Across the UK the cumulative total is now £1.39 billion.
 - Public bodies spend billions of pounds of taxpayers' money for the benefit of the Scottish population, providing services and financial assistance to all citizens including those that need them the most. Systems underpinning public spending can be complex and errors can happen. Unfortunately, there are also some individuals who seek to exploit the systems and fraudulently obtain services and benefits to which they are not entitled.
 - Fraud does not recognise organisational or geographic boundaries. Data sharing enables bodies to match data internally and externally. Technology provides an efficient way to connect discrete data sets and can therefore limit the gaps available for fraudsters to manipulate

and can help identify those that have. It also supports bodies to identify and implement process and control improvements that should reduce future errors and the costs of correcting these errors.

- What cannot be measured, but is also important, is the deterrent effect that undertaking regular data sharing and matching exercises, such as the NFI, has on persons that may be considering committing fraudulent acts.
- The NFI 2014/15 involved 104 Scottish bodies across three sectors. Scottish bodies submitted 585 data sets which generated 347,715 data matches for further investigation. There are 2,522 investigations still in progress and action is being taken to recover £4.2 million of overpayments. The benefits of data sharing and matching enabled bodies external to those who submitted the data to identify outcomes of £0.7 million.