

**Written submission to the Education and Skills Committee for
the session focused on Further Education and Higher Education
on 7 September 2016**

Our thanks to the Committee for giving stakeholders, including Universities Scotland, the opportunity to set out our priorities and challenges at the start of session five of Parliament. We are developing our vision on how to make Scotland the best place in the world to teach, to learn and to research by 2030. Achieving this vision will maximise the social and economic contribution universities make to a sustainable, prosperous and inclusive Scotland. Widening access is intrinsic to the contribution HE can make to inclusive economic growth as it is central to our values that higher education should enable people from every background to realise their full potential. This contribution is currently estimated to be over £7.6 billion of gross value added to the Scottish economy every year, supporting over 140,000 jobs.

Priorities and opportunities

1. Widening access to higher education

Widening access is an urgent and top priority for Scotland's 19 higher education institutions. The HE sector is committed to taking bolder actions to deliver further and faster progress. The *Blueprint for Fair Access*, published by the Commission on Widening Access, makes a number of recommendations for the higher education sector. We have been quick to respond substantively to the recommendations. We have been working with Dame Ruth Silver, and others, on a number of actions that universities can start work on immediately. They are:

Review of admissions. The goal is to do more to level the playing field for applicants from underrepresented backgrounds. Key considerations in this review will be consistency in the use of contextual admissions, adjusted offers and awareness raising amongst applicants, their teachers, parents and carers.

Bridging programmes. There is a need for bridging programmes to university to be transferrable between universities. This has the potential to widen opportunities for applicants, to concentrate resource on schemes where it is proven to have most impact, to remove duplication within regions and to realise more efficiencies of scale. Doing so would simplify the landscape for parents and schools.

Articulation and more recognition for prior achievement. The goal is to see more students given full credit for their HN qualifications and progress more quickly through HE for those students who want it. Another goal is to increase the number of articulation routes between courses. It will be important to monitor the characteristics of students using articulation routes to ensure this is contributing to the over-arching access goals.

Work on these actions starts this autumn and we look forward to discussing this in detail with the Commissioner when he or she is appointed before the end of the year.

2. Building an innovative and productive Scotland: enterprise and skills review.

Universities share in the vision that Scotland should be a leading innovation nation. The current review of enterprise and skills is an opportunity to achieve that. We see universities as having a key role as we deliver on all fronts: skills, enterprise, research and innovation.

We see much greater potential for there to be a shared vision, shared goals, and shared ownership of delivery across all of the agencies under review. At present there are too many silos and not enough incentives to work together, to cross-refer the services and initiatives of another agency even if that is in

the best interests of the service user. Addressing this would shift Scotland to be more outcomes, rather than outputs, focused. If the agencies get collaborative working right Scotland should be able to bid for and win research and innovation projects of scale and more innovation-led inward investment that currently go to Manchester and other parts of the UK because of their successful consortia approach.

We believe that having a non-departmental funding body for higher education adds value. The Research Excellence Grant (REG) delivers a three-fold immediate return on investment and underpins the global excellence of Scotland's university sector which generates an annual economic impact of £7.6 billion more widely. REG needs to continue as a key piece of the foundations on which Scottish innovation is built.

3. New ways to meet Scotland's skills needs

Scotland will start receiving a share in revenue from the UK Government's apprenticeship levy from 2017. This new resource presents exciting new opportunities to develop and run a new model of graduate-level apprenticeships co-delivered by employers and universities.

4. Working from the strengths we have in Scotland

Scotland has a world-class asset in its higher education sector. This brings tangible benefits including the attraction of talent, inward investment, driving innovation, in HE and in our indigenous businesses, and the generation of £2.4 billion of income from other sources every year, including £1.3 billion in exports, from the £1.1 billion of Scottish Government investment. These achievements depend entirely on being world-class and competing globally. That is why international students, staff and multi-national companies choose Scotland over other locations throughout the world. We already have that asset here. It is rooted in Scotland. We can and should build on it.

Challenges

1. Funding higher education at sustainable and internationally competitive levels

This is an unavoidable challenge. Audit Scotland's report this July showed that university teaching, research and capital are all significantly under-funded (teaching at less than 94.2% of cost, a 7% cut to the research budget and capital funding has fallen by 69%). The report warned of 'underlying risks' to Scotland's universities due to mounting funding pressures and called on the Scottish Government to ensure it *'its approach to funding higher education is sustainable in the longer term if it is to deliver its policy ambitions'*.

One year spending reviews add to the funding challenge facing universities as undergraduate students are a four year minimum commitment and research projects are multi-year in nature.

Universities have worked hard and successfully to diversify funding sources and to income generate. Scottish HE has worked collaboratively and proactively to deliver annual efficiency savings, that have exceeded targets, in procurement, ICT, business processes and the university estate through Universities Scotland's Efficiency Taskforce. However, investment in teaching for Scottish domiciled students and in basic research requires sustainable public investment at its core.

2. Brexit

The referendum result has introduced a great deal of uncertainty into the operating environment of higher education institutions. This is already having a variety of negative impacts. Longer term, research funding, the mobility of talent and opportunities for partnership are at risk. EU research funding was worth £636m to Scotland between 2007 and 2013 and internationally co-authored research (which EU funding streams supported) is shown to have a bigger impact. EU staff account for 24 per cent of research staff in Scotland and thousands of Scottish students take up mobility opportunities throughout Europe. The sector's most immediate challenge is that universities will start receiving applications from EU students for entry in 2017 from 6 September 2016. At the time of writing we have no clarity on their fee status or their immigration status from the Scottish and UK Governments respectively. Over 4,000 EU students got an undergraduate place at a Scottish university to start in 2016.

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