

# **ENTERPRISE AND LIFELONG LEARNING COMMITTEE**

Wednesday 12 December 2001  
*(Morning)*

Session 1

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## ENTERPRISE AND LIFELONG LEARNING COMMITTEE

29<sup>th</sup> Meeting 2001, Session 1

### CONVENER

\*Alex Neil (Central Scotland) (SNP)

### DEPUTY CONVENER

\*Miss Annabel Goldie (West of Scotland) (Con)

### COMMITTEE MEMBERS

\*Rhona Brankin (Midlothian) (Lab)

\*Brian Fitzpatrick (Strathkelvin and Bearsden) (Lab)

Mr Duncan Hamilton (Highlands and Islands) (SNP)

\*Marilyn Livingstone (Kirkcaldy) (Lab)

Mr Kenny MacAskill (Lothians) (SNP)

\*Mr Kenneth Macintosh (Eastwood) (Lab)

\*David Mundell (South of Scotland) (Con)

Tavish Scott (Shetland) (LD)

\*Elaine Thomson (Aberdeen North) (Lab)

\*attended

### WITNESSES

Dr Jean Barr (Universities Association for Continuing Education)

Dr Melvin Dalgarno (Universities Association for Continuing Education)

Christine Lenihan (Scottish University for Industry)

Dr Chris Masters (Scottish Higher Education Funding Council)

Professor Jim McGoldrick (Scottish Higher Education Funding Council)

Frank Pignatelli (Scottish University for Industry)

Esther Robertson (Scottish Further Education Funding Council)

Alex Rougvie (Universities Association for Continuing Education)

Professor John Sizer (Scottish Further Education Funding Council and Scottish Higher Education Funding Council)

Dr Raymond A Thomson (Universities Association for Continuing Education)

Alan Tripp (Scottish Further Education Funding Council)

### CLERK TO THE COMMITTEE

Simon Watkins

### SENIOR ASSISTANT CLERK

Judith Evans

### ASSISTANT CLERK

Linda Orton

### LOCATION

Committee Room 1



## Scottish Parliament

### Enterprise and Lifelong Learning Committee

Wednesday 12 December 2001

(Morning)

[THE CONVENER opened the meeting at 09:34]

### Items in Private

**The Convener (Alex Neil):** As we have a quorum, we will start the 29<sup>th</sup> meeting of the Enterprise and Lifelong Learning Committee in 2001.

I welcome Rhona Brankin to the committee. She is a new committee member and we look forward to her participating in the committee. Her background, as the committee probably knows, is in teaching in the further education sector. That will be extremely helpful.

Bill Butler, who has left the committee, has also been helpful and a major contributor in recent months. I place on record the committee's gratitude to Bill Butler and wish him well in his new committee ventures.

We have apologies this morning from Tavish Scott. Kenny MacAskill has indicated that he will be late. It is clear that others will be late, but they have not indicated that fact—9.30 is early for some people.

Item 1 is that the committee agree to discuss items 4 and 5 in private. Is that agreed?

**Members indicated agreement.**

### Interests

**The Convener:** I invite Rhona Brankin to declare her interests.

**Rhona Brankin (Midlothian) (Lab):** I am on unpaid leave of absence from the University of Dundee. I am also a member of the Co-operative group of MSPs.

**The Convener:** I believe that you were also a member of Northern College of Education, which we abolished two meetings ago.

**Rhona Brankin:** I was going to say that that is now part of the University of Dundee, as you abolished my employer a couple of weeks ago—with which I was in full agreement, I hasten to add.

### Lifelong Learning Inquiry

**The Convener:** We have four sets of witnesses this morning, starting with the Universities Association for Continuing Education. I ask Dr Raymond A Thomson to introduce his team and to give us a few introductory remarks.

**Dr Raymond A Thomson (Universities Association for Continuing Education):** I thank you for inviting the association. My colleagues are: Dr Jean Barr, who is head of the department of adult and continuing education—DACE—at the University of Glasgow; Dr Melvin Dalgarno, director of wider access policy at the University of Aberdeen; and Alex Rougvié, director of continuing education at the University of St Andrews. I am the deputy director of lifelong learning at the University of Strathclyde and secretary to the association.

The committee will be reassured to hear that we are not here to complain or to tell you what a wonderful thing learning is. I expect that, if you hear that once more, you will go off your heads.

We have asked to give evidence for several reasons. The representatives of the institutions who attend our meetings are not only interested in and committed to lifelong learning, but charged by their individual institutions with its promotion and delivery. As our submission states, lifelong learning should be a continuum through time from the youngest years to old age.

However, another continuum exists—lifewide learning—in which we have a special interest. Within lifewide learning, at any moment in time people need access to a full spectrum of intellectual inquiry. We are part of that spectrum. We feel that if lifelong learning is exclusively concentrated on as the constant upgrading of skills for employment, there is a danger that those who are not in at the start of the journey will remain excluded. We do not want just a knowledge society; we are interested also in an understanding society.

The demographic changes in Scotland imply not only that there will be more older people, but that there will be fewer younger people. We therefore think that for our nation to maximise its potential a number of issues must be addressed, such as mature adults wishing to enter the graduate pool and adults wishing to seek learning for other reasons. We also need imaginative incentives to access the training and development opportunities that are available in universities. Underpinning those is our desire to improve the individual's quality of life and to better the well-being of society in Scotland.

**The Convener:** Thank you. I also thank you for

the written evidence that you submitted earlier. It is very helpful indeed.

I begin by asking you about the scale of part-time education in the higher education sector. I get the impression that more and more people are engaging in part-time education throughout their lives. Clearly the traditional pattern of full-time education up to university and very little formal education thereafter is changing dramatically. Could you comment on the implications of that trend?

**Dr Jean Barr (Universities Association for Continuing Education):** The figures that you have produced speak for themselves. There is, however, a dimension that tends to be hidden in those figures: the one called further education within higher education.

There are 150,000 enrolments of people who are doing courses that tend to be forgotten. A great many of them are not doing credit courses; they are taking courses that are related to what we see as the civic responsibility of universities. That is crucial, mainly because universities contain a huge amount of resource that has to be made available to a much wider public.

Continuing education departments are places that have people who are motivated and have the skills to go out to communities and bring in people who might not have thought about taking a course at all. We feel that people cannot know what they want until they know what is available. We are therefore trying to create new wants, desires and demands and, partly through that, change the culture of universities. That is all related to part-time provision and credit-bearing courses.

The cessation of funding for non-accredited provision is a big issue. We have evidence that non-accredited provision is the best way to get non-traditional courses back into education and to allow people to try out and taste possibilities.

The development of part-time provision is the biggest growth area, but we believe that not all of it is to be credit-bearing.

**Alex Rougvie (Universities Association for Continuing Education):** Part-time degree provision has been a bit of a success story over the past few years. The scale of the provision that Jean Barr just referred to is under severe threat. The number of enrolments in that area has come down from around 209,000 to 151,000. That is a loss of approximately 60,000 learning opportunities per year since the cessation of the funding for non-credit-bearing activity. That is a dramatic loss by any standards.

It is worth adding that around half of those 60,000 opportunities could be classified as vocational in some way. I am leery about using

terms such as vocational and non-vocational because they do not mean very much. Half of those attendances were by people whose primary purpose was vocational. Those places are also being lost and being lost at an increasing rate.

**Dr Barr:** There is a terrible danger of creating a divided system by that means and pricing out of the market all those who do not already have the cultural capital. The worry is that divisions that already exist will be reinforced. Part-time provision ought to be trying to erode those divisions.

**Dr Melvin Dalgarno (Universities Association for Continuing Education):** There has been a significant increase in the service that the sector has been able to give people who are in work and want to access parts of the university curriculum for intellectual interest as well as for vocational purposes. People come in who are not intending to do a full degree in bits; they might already have a degree or they might have no experience of higher education but have developed an interest in the intellectual subjects that are taught at university and want access to them. There has been a significant increase in provision in the sector to cater for that lifelong learning interest, which we are finding in the general public. Some want credit-bearing opportunities; others want to study simply for satisfaction and intellectual or personal development rather than for specific qualifications.

**Miss Annabel Goldie (West of Scotland) (Con):** I declare as an interest that I am a member of the court of the University of Strathclyde.

I shall be uncharacteristically brief because I have a head cold.

I refer to your submission. When institutions formulate what continuing education to try to provide, do they feel part of an overall strategy and framework? Do you work in partnership with other agencies or do you try to find a niche that your institutions can fill?

09:45

**Dr Thomson:** Most universities feel the need to have some kind of civic engagement. That is part of how we would define a university. Part of the mission statement of the University of Strathclyde is that it will interact with the citizens of the greater Glasgow area. We have built into our framework the fact that we should be working with the public. That is for vocational reasons as well as civic enrichment. Those who wish to access learning because of economic pressure or because they wish to have different career development or change direction should be able to come to us for that. If we cannot provide what they want, we are able to direct them to someone else in the university who is able to help them.

**Miss Goldie:** Does that proceed on an institutional basis rather than a collective university basis?

**Alex Rougvie:** To some extent the continuing education departments in universities in Scotland have been among the most proactive groups in pursuing outreach and partnership with other groups, such as local enterprise companies, the Workers Education Association and community education groups. That is because part of their remit is to conduct outreach work. A lot of the opportunities that have been brought into universities as partnerships, whether with those groups or with the further education sector, have been generated from the core base of continuing education departments' activity. That is part of their *raison d'être*.

**Miss Goldie:** On page 1 of your submission you talk about students accumulating small units of credit and small amounts of learning as and when it is needed. How is that reflected? Does that credit enhance the student's facility for employment or obtaining greater skills? How are those additional units recognised?

**Dr Dalgarno:** That is different in different areas. If the unit of credit is within a management studies programme, it could well enhance the person's career prospects at work. If it is in archaeology, it may lead to some sort of career move. Someone might have a passion for archaeology and a secret desire to be an archaeologist. By starting with a small amount of credit in that field, they may discover that they have the talent and enthusiasm to continue and may end up as an archaeologist.

**Miss Goldie:** That is a self-confidence boost for the individual. I am trying to drive at whether the credit is recognised externally.

**Dr Dalgarno:** Yes, it is recognised externally. It would be part of an undergraduate degree credit and some programmes might be at postgraduate level.

**David Mundell (South of Scotland) (Con):** I was very impressed by your submission. We have been critical of other submissions because they do not set out what they think we are trying to achieve. I particularly liked the way you set out what you think lifelong learning is for. That is part of our challenge in the inquiry.

Will you elaborate on how you see yourselves fitting in with the other organisations, such as Universities Scotland, from which we have taken evidence? What is your relationship with them? In some of their evidence, they projected the idea that they are doing the very things that you have talked about.

How do you fit in with the various community learning departments and other players—local

government and the further education sector? If your work does not fit together, what needs to be done to make it fit?

**Dr Dalgarno:** Universities Scotland represents the principals and so on of the universities of Scotland. We are an association of the units within those institutions, which tend to be charged to get on and do the job—to provide the learning opportunities. With regard to our increasing involvement in community strategy planning, community learning plans and the drive for outreach—to take learning opportunities to where people are—I would like to draw the committee's attention to our difficulty with funding.

Several Scottish universities have developed access course programmes, which are preparatory qualifying courses that guarantee people with no qualifications a place in higher education. The problem is that there is no funding for them unless the universities claim that the content of those courses is at Scottish degree level 1. Frankly, programmes that are going to work for people who are lacking in confidence and skills and need to be introduced gently to higher education and so on require to start at level 0. If we are going to be in partnership with community education and the further education sector, we must not have our hands tied behind our backs.

Increasing participation is a challenging and difficult task. We can point to the success of access programmes, which last approximately one year and have in many cases been part time. There are currently more than 800 people in Scottish universities taking such programmes. That is on top of all the others who are coming in for access summer schools and innovative transition programmes, where we are working hand in glove with the further education sector and its qualifications to provide the top-up on that transition to a guaranteed place in higher education. Judging from how people do when they come off those courses and engage in degree programmes, the evidence is that the programmes are very successful.

**Dr Barr:** This relates closely to the question about the relationship between the university *per se* and continuing education departments. Before accreditation happened, continuing education departments, which developed the skills, had the history and knew how to do it—that is what they liked doing and enjoyed—would have received funding directly, to develop and provide pre-access and access courses. Now, everybody is using the mantra of lifelong learning and things have been mainstreamed. The money has had to come through the centre of the university to the departments, which has affected the provision and tied hands in certain ways. Money is now allowed only for development of provision by the centre.

We are running courses with no money, which is silly, because all the research indicates that our courses are the ones that really work as access courses. Once students get into university, they complete the course. It would be a shame to allow that kind of provision—and the non-accredited provision that we spoke of earlier—to wither through neglect. We have to accept that there is uneasiness and tension between the university strategy and the continuing education strategies, which must be sorted out.

**The Convener:** Another three or four members wish to ask questions. We will not get through them all if all four of you answer every question. Can we keep it a wee bit tighter?

**David Mundell:** I have a question on continuing professional development, which we need to consider further when we come to our discussion later. It is an enormous business in Scotland. Annabel Goldie, I and probably Mr Fitzpatrick have to engage in continuing professional development. Fortunately for us, being in the Parliament counts as continuing professional development.

**The Convener:** What is your question?

**David Mundell:** My experience of continuing professional development was that people had a budget for it and had to arrange it by 31 March. Many people ran round doing it in March, in order to tick a box. It did not really contribute in any way to their development, or to the aspirations that you have for lifelong learning.

**Alex Rougvie:** Two or three issues are wrapped up in that question. Some professional institutions have the mentality of requiring boxes to be ticked by the end of the year, which is when they have to make their returns. I am afraid that we are not able to answer for that kind of decision.

More fundamental problems exist. First, by and large, businesses in this country still regard education and training as a cost rather than an investment. They are not terribly willing to pay for training and will not pay more than the required minimum. In the main, they are not prepared to plan ahead. To solve a training and education problem, they go for a just-in-time quick fix. That makes it rather difficult to plan a coherent programme.

Secondly, a fundamental problem exists in the taxonomy. I mentioned the problem of the distinction between the vocational and the non-vocational and between continuing professional development and continuing personal education. In my view, the only purpose for such terms is to operationalise the movement of funding around the system. The terms have no sense. What some people do as CPD, others sitting next to them in the same class do as CPE. Languages probably provide one of the best examples of that. There

are fundamental problems working out what some courses are for. There is a real problem at the demand end that this country and the rest of the UK has still to get to grips with.

**Rhona Brankin:** You said that your perception is that industry views education and training as a cost, not a benefit. To what extent do your members liaise and make contact with businesses and industry to ascertain what they need from your sector?

**Alex Rougvie:** We do that pretty frequently. The colleges can speak for themselves but there is an extremely good network of educational establishments and businesses in the area in which I operate. We also tap into local labour market information.

However, because that information is not always a real predictor of demand, planning ahead has been consistently difficult. In other words, we have had the experience of setting up X in response to what the labour market information and the business community said, but then found that nobody used it. The thing is said to be too expensive, or to be taking place at not quite the right time, or people just postpone the decision to spend. That difficulty has existed for as long as I have been involved in this area throughout the past 20 years.

**Rhona Brankin:** You say in your written submission that there is evidence that non-traditional learners who come through your access courses progress into accredited courses. Do you have a breakdown of that by gender, age and so on? What research do you have on the groups of people who come through the access courses? Does more research need to be done on that?

**Dr Barr:** There is a need for more research. Jim Gallacher, Mike Osborne and Alison McKenzie from the University of Glasgow have done research that shows that an increasing number of people from disadvantaged areas—worked out according to postcode—come through our access courses. The ratio of women to men is about 60:40. That gender divide is a constant. There is more demand than we can supply.

The interesting point is that it is a route all the way through from pre-access in local areas and communities into access courses and then into full-time provision, not just accredited small bits of courses. The danger in the divided system that I mentioned earlier is that there is pre-access access and then small bits of part-time provision. The whole system must be opened up to people who have been least advantaged by it. Much more research is required.

**Mr Kenneth Macintosh (Eastwood) (Lab):** The funding of non-accredited courses has been mentioned. I had the opportunity to visit Dr Barr's



department recently. The work that is going on there is very impressive and is atypical of the institution more generally—that perhaps reflects my own prejudice. I thought that the department was not typical of the whole university in the students that it was reaching.

**The Convener:** Maybe you should get to the question.

**Mr Macintosh:** Are there methods by which students can be funded and properly accounted for on non-accredited courses? You are obviously doing it in that department. Could a system be rolled out more generally across further education which funding councils could use to fund non-accredited courses without wasting public money?

10:00

**Dr Barr:** There are difficulties with assessing and evaluating in ways that deal with what are often called soft variables. We have been trying to develop indices, as have various people in different institutions. It speaks for itself to a degree. There is evidence of people doing courses without the intention of going on to do structured learning who go on to work more in their local communities with voluntary organisations that we work with, or who go on to pre-access courses through labour-intensive work in local areas, which depends on the partnerships that we mentioned. That kind of work cannot be done on the cheap. It requires connecting up with the WEA, community education and social inclusion partnerships, for example. That kind of work is being starved of resources. There are ways of developing the indices. Research is required, so that we can demonstrate that this works. We know it works, but the point is to show it works.

This type of activity works in various ways: in getting people to do degrees, in community capacity building—to use one of the buzz phrases—and in all sorts of other ways. People come from voluntary organisations into pre-access and access courses and end up being tutors in the areas that they came from. They do masters or PhDs and end up being a tutor in Shettleston or Drumchapel, which is wonderful.

**Mr Macintosh:** Several points in your submission are about showing that departments of continuing education are more effective in providing access than other institutions. That implies that you are better at it than colleges, further education colleges and so on. How might that be the case? How do you work with colleges? Universities generally tend to be institutions of privilege in some ways. How do students access university continuing education as opposed to further education?

**Dr Dalgarno:** Universities in Scotland are

involved in two forms of access provision. First, they design and deliver direct provision themselves. Secondly, they develop and accredit access provision in partnership with the FE sector, which largely delivers it—they tend to be called Scottish wider access programmes, or SWAPs. They were given initial funding by the Scottish Office from 1987. The funding was withdrawn. Three SWAP consortia exist in Scotland. Within that framework, all the higher education institutions work with their FE college partners to develop access provision. To give students experience of different learning styles, some of the provision involves students doing part of their work in a higher education institution. A further problem is how the higher education institution funds that provision, if it is not at Scottish degree level 1—which is the basis of the only funding we receive. We work with the SWAP consortia.

Research has proved that higher education students are more successful afterwards than further education students, but mitigating factors are involved. It could be that more confident people go straight into university programmes and that less confident people—perhaps the more hard-to-reach students—go into further education colleges. I am not casting any aspersions on those students. Statistical research that compares higher education with further education has shown that university programmes are more successful in terms of standard measures.

**Dr Barr:** That is partly because of courses—even outreach-based access courses—that bring students into the university. They experience a lecture, meet lecturers, go to the library and generally see the system at work. They perhaps do some of their course in the university and some of it outside. The transitional arrangements are integrated into the courses.

**Elaine Thomson (Aberdeen North) (Lab):** I want to develop the comments about access courses. It is becoming increasingly important to widen access and to get people who have not thought of doing further education or going to university to think of that. You commented on current funding structures that support such activity. In Aberdeen, we have the university for communities and children, which is a joint project between the two universities and the college. Does that project suffer from the same funding constraints that affect other access courses?

**Dr Dalgarno:** Yes. The FE partners get funding for outreach provision for courses that are taught, say, in Northfield, in Aberdeen, whereas the universities would not get that funding unless the course was at Scottish degree level 1. That is not the appropriate level at which to start working and engaging with people in an area where roughly 7 per cent of the leavers from its school go on to

higher education. That is an enormous gap from the lifelong learning point of view.

Universities need to be funded so that we get more involved in a more concrete way than we can at the moment. We go to meetings, but we do not have the resources behind us. The Scottish Higher Education Funding Council is giving funding to try to start up projects. However, that work is threatened unless we get mainstream funding to continue it.

**Elaine Thomson:** Have individual learning accounts been useful for letting people access courses or for providing extra funding?

**Dr Dalgarno:** Yes. We attended a presentation by Hazel Knox from the University of Paisley, which showed how ILAs have brought new learners and new types of learners into that institution. However, research on ILAs needs to be done. Some people think that the middle-class person takes maximum advantage of such opportunities.

There is no doubt that ILAs have been helpful. If a person is unemployed or on benefit, they get a fee waiver for credit-bearing activity. In the case of universities, that means credit-bearing activity at level 1, not at the level zero that we have been talking about. However, if people are on low incomes, how do they pay their fees? They have a lot of demands on their resources, but because they are part-time students, they do not qualify for the fee waiver.

**Elaine Thomson:** I move on to a slightly different topic. One of the gaps in this country and in the United Kingdom involves the amount of training and skills development that people undertake once they are employed and when they are in their 20s and early 30s. There is an enormous difference between us and the rest of Europe, in that area. Much of it relates to employers' support for further skill development and training. The committee recently attended a Scottish Council for Development and Industry seminar, which made it clear that some employers view training as a cost and not as an investment.

What could be done to encourage employers to take a more positive look at that area? Some employers do so, but there is still a gap.

**Alex Rougvie:** The bottom line is that we need a long-term indoctrination programme. I do not mean one that would fix things in two to five years; it would probably take a 10 to 15-year programme to change the training and development culture.

Unless that culture is changed, businesses in Scotland will not be as competitive as they are in some other countries. One of the problems in the provision of continuing professional development is that, as with the generality of non-credit-bearing

work—although some CPD can be credit-rated—there is no public subsidy, so universities are forced to charge full commercial fees. Those fees do not necessarily relate to undergraduate or postgraduate fees in the mainstream, but are the real cost plus the recovery of overheads and risk factors. In many cases, it is not affordable, particularly for small and medium-sized enterprises, which might employ a very small number of people.

**Dr Dalgarno:** I am sure that Scottish Enterprise has given the committee the figures on businesses with fewer than 12 employees. It is not just that it puts pressure on employers. Somehow the funding support must go to the individual working in an SME. The scale of such operations is not sufficient to support university CPD.

University CPD has a spectrum that ranges from highly specialised courses for, say, the oil and gas industry, offered by certain universities, down to more basic management development and skills courses.

**Brian Fitzpatrick (Strathkelvin and Bearsden) (Lab):** I am interested in the point about a concerted research-based effort to clarify the social and economic benefits. I am sure that many of us would consider that contributions to public policy research should be a measure of output. Perhaps we can have an indication from the sector about the research activity that is under way. That could be in the form of an appendix to the written submission.

**The Convener:** That would be helpful. We need to keep this session tight.

**Brian Fitzpatrick:** We are all interested in the work that Jim Gallacher and Mike Osborne are doing, and I would be pleased if that could be provided for the committee.

I want to touch on the point about distance and learning made at the end of the submission. I do not want to teach the witnesses to suck eggs, but distance is not necessarily a matter of miles. Some of the communities in my constituency, which is only 20 minutes' drive from Gilmorehill, are very remote from learning.

It is a shame that Kenny MacAskill is not here, because this question would make his day. I was intrigued by what you were saying about bringing learning closer to home and looking at Finland and Sweden. What is it that we should be looking at from Finland and Sweden or elsewhere—perhaps the 51<sup>st</sup> state?

**The Convener:** Could you keep your reply fairly tight?

**Dr Thomson:** The bad news is that you do not have to go to Finland or Sweden. The good news is that you can consult Jim Gallacher or Mike

Osborne, who have done comparative research on those countries and some of our other European neighbours. All the information is there.

**Brian Fitzpatrick:** Good.

**The Convener:** Thank you: that was an excellent reply. Thank you for all your evidence, which has been extremely helpful.

We move on to our next group of witnesses, who come from the Scottish Higher Education Funding Council. I welcome Dr Chris Masters, the chairman of SHEFC. I do not know whether it is appropriate to congratulate you on your impending retirement, Dr Masters. I can certainly congratulate you on the way in which you have built up Aggreko. It is a good example of Scottish entrepreneurship.

I will let Dr Chris Masters introduce his team. I take it that you will lead with introductory remarks. We have received your very good written evidence.

**Dr Chris Masters (Scottish Higher Education Funding Council):** Thank you very much; your introduction was kind. I thank members for the opportunity to talk to them, or rather, to answer questions. The preliminary meeting that we had with you was extremely useful and a good way of kicking off. The council and I fully support the committee's objectives. We believe, and I am committed to the idea, that lifelong learning and enterprise—the two must be connected—are important to Scotland's future.

I think that everybody knows John Sizer, the chief executive of SHEFC, who will also shortly retire. Jim McGoldrick—who is not shortly retiring—is a council member, vice-principal of the University of Abertay Dundee and chair of Tayside University Hospitals NHS Trust. That is the team.

10:15

With the convener's indulgence, I will make a couple of remarks. Higher education—and tertiary education, but particularly higher education—is a major driver, although not the most major driver in Scotland, of the knowledge economy. If we are to achieve a smart, successful Scotland, we must build on that sector's strengths in teaching and research. I know the committee shares that view.

We must ensure that everybody who can benefit from higher education does so. As a councillor, I think that we must widen access and address social inclusion. That is not just a political slogan; the nation needs to do that if it is to continue to thrive. Widening access to excellence is the key. Sacrificing standards just to increase access would be the kiss of death. That is not the way forward.

I was interested to hear the previous witnesses, because increasing participation has a price tag. That is more difficult and needs a premium. The council has placed a 5 per cent premium on the grant, but we do not know whether that will be sufficient. It is important to support excellence and increase excellence as judged by an international standard, not simply a Scottish standard.

We cannot predict the future. The only certainty for business is that the future will be different from now. The rate of change is accelerating. Change is endemic but, more importantly, the rate of change is accelerating. Therefore, we must foster diversity and flexibility in the system. We do not know what will be required, so we need a system that can respond to changes, whatever they are. I do not think that centralised planning that is based on simple forecasts has ever worked, and it does not have a chance of working in future.

We must plan in the context of uncertainty and different scenarios. Our written evidence does not say this, but according to current demographic trends—which are probably more reliable than most trends—the number of people in Scotland who are aged between 15 and 19 will have dropped by about 21 per cent by 2025, which is less than 25 years away. It does not matter whether the numbers are absolutely correct; that is the trend. During the same time, the working age of the population is predicted to remain roughly constant.

We must ensure that our HE and FE institutions can cope with such trends. They emphasise the criticality of lifelong learning. The danger exists that although we will continue to widen access and to address social inclusion at the bottom end, with school leavers, we might neglect people further up the tree, or further up the age profile, who will be increasingly important. Lifelong learning must be a concept that runs through life, as must widening access and social inclusion. If we fail to deal with those factors, we will have a problem. Have we got it right? Absolutely not. Much remains to be done, but higher education has a firm base on which to build.

I will conclude with those remarks. I thank the committee for its indulgence.

**Marilyn Livingstone (Kirkcaldy) (Lab):** I have two points. The first is about funding structures and the second relates to the second paragraph in your submission about seamless progression.

You make a case to retain two funding councils. One of the issues that has come up time and again in evidence is that, at the moment, funding drives learning. The education system is driven by people bidding for funding for programmes, but learning should drive funding. Many funding pools exist for further education streams. How can our

inquiry help to simplify that system? How can we achieve our aim of learning driving funding?

**Dr Masters:** Perhaps John Sizer will address the funding issue.

**Professor John Sizer (Scottish Further Education Funding Council and Scottish Higher Education Funding Council):** I think that the question was primarily one for SFEFC.

**Marilyn Livingstone:** No. What I am saying is that you say in your evidence that there should be two separate funding councils.

**Professor Sizer:** That is a slightly different issue. Perhaps Chris Masters can address that question.

**Dr Masters:** Let me answer that.

**Marilyn Livingstone:** I am asking how we can better ensure, within our funding systems—whether we have one or two systems—that learning, not funding, is the driver. That is the main thrust of my question.

**Dr Masters:** The point is important, and I am sure that John Sizer will address it.

I will touch on the issue of the two funding councils. Our strong view is that if you believe in tertiary education and lifelong learning, you will end up with one funding council. That is one of the best ways to get integration across the system.

As the committee is aware, we have a joint executive. That helps a lot. When two organisations are brought together, the process is similar to that for companies. The worst thing would be for two organisations to be brought together at different stages of their development. The HE funding council has been around for some time. The FE funding council is relatively new, but it is doing a lot.

It is my view that, in a few years' time, the two councils will converge. That will be the right time to bring the funding councils together, to match the joint executive that is already in place. It is a question of timing rather than of ultimate goal.

Perhaps John Sizer will address the question about funding being directed at learning.

**Professor Sizer:** One could argue that, because we fund educational provision in HE institutions, all funding is directed at learning. The FE colleges have a different mix of learning from that which exists in the HE institutions. What is important—and this is something that both councils have addressed—is to ensure that there is effective integration between the two systems. That will ensure ease of articulation and transfer.

At the moment, each council gets its own grant letter and strategic advice from the minister. Each

council then allocates its funding in order to drive teaching and learning in accordance with its letter of guidance. If a single funding council were to be established, that would lead to a single integrated letter of guidance. That might achieve some of the closer integration that I am aware Ms Livingstone wishes to see happen.

**Marilyn Livingstone:** One of the issues for the committee is that more than two funding councils fund education and training. One of the big questions for us concerns students who are funded under different regulations and who are given different amounts by Scottish Enterprise, through local enterprise companies. We are thinking about the development of tertiary education funding. We are not asking you what is happening now, but we are asking how you see funding developing. What advice can you give us on how we should take that forward?

**Professor Sizer:** Most of those questions are central for the Scottish Further Education Funding Council, but they are less central for the Scottish Higher Education Funding Council because enterprise funding and the purchase of volume training does not go into the universities in the same way as it goes into the further education colleges. We formed a working party with Scottish Enterprise and Highlands and Islands Enterprise to develop a joint lifelong learning strategy. We have each developed an action plan to implement that, and I genuinely believe that the questions that you are asking will provide a fundamental input into how that strategy develops. I do not think that SHEFC has addressed those issues, but Jim McGoldrick might want to comment.

**Professor Jim McGoldrick (Scottish Higher Education Funding Council):** Obviously, many people have a stake in the strategy, and the inquiry gives them an opportunity to advance those discussions. There are separate funnels at the moment, and I am not sure what the forum is for bringing those together, but the situation needs to be resolved, whether by a structural measure or through a better constructive dialogue among the three main bodies that we are talking about. Fundamentally, learning has to drive funding. That is what we must achieve.

**Marilyn Livingstone:** I agree with what you say about seamless progression. You talk about the Scottish credit and qualifications framework providing greater flexibility but being unable to create that seamless progression.

The committee would like people to be able to go up the different levels by zig-zagging across different pathways. How do we achieve that through an apparatus such as the Scottish credit and qualifications framework? If we do not do that, we will have failed. Articulation agreements work well, as those at the University of Abertay Dundee

demonstrate. However, we do not want to have to rely on articulation agreements at a regional level. Rather, we should have a Scotland-wide structure that allows people actually to participate in lifelong learning by ensuring that the work that they do is credited, worth while and allows them to cross the pathways.

**Professor McGoldrick:** I have laboured long and hard on that issue. The Scottish credit and qualifications framework will be launched by the Minister for Education and Young People and Andrew Cubie next Monday at a conference in Glasgow. There are many examples of good articulation agreements in institutions that have been working seamlessly between higher and further education for years. However, the agreements are always on a one-to-one basis and the opportunity for the individual student is the link that one college has with one university.

The Scottish credit and qualifications framework makes more transparent the choices that are available to students. More important from the point of view of this committee and the councils is the fact that it makes much more transparent the decision making in institutions about the awarding of places. If the framework is to deliver the climbing frame that was mentioned, it should be based on that transparency.

Following the Garrick report and the Dearing report, which first identified the fact that the good practice in Scotland should be advanced, the council funded a major project for two and a half years—because I led it, I am aware that it has crept into three years—to try to identify what must be done behind the scenes to make the structures work and what would be the glue that would assist in that attempt. The Scottish credit accumulation and transfer scheme is part of that and, as I know that that has an interface with some other evidence that you will take, I am happy to say more about it.

The key issue is that, as there is a transparent framework in place, if someone feels that they are entitled to a place in the sector other than one at the university with which their college has an agreement, they can legitimately say so. We have worked hard to create the circumstances in which such questions can be asked.

**David Mundell:** I have three questions, two of which are linked. My first relates to output measures and how funding is allocated according to outputs. In my early days in the Parliament, I asked why everyone who completed a higher or further education course could not also be required to have, as part of that course, basic knowledge of information and communications technology. At the time, the Deputy Minister for Enterprise and Lifelong Learning, Nicol Stephen, said that we could not tell the universities what to

do. Is there not a strong argument for certain output requirements to be placed on funding?

10:30

**Professor Sizer:** The committee has just reviewed SHEFC's proposals on funding.

Although we have considered several times the question whether process or output should be funded and have examined systems in other countries, it is very difficult to develop output-based funding models per se. However, we have published UK-wide detailed performance indicators on completion and progression rates and wastage, which have helped to inform the funding council's decision making. Where an institution is failing to achieve its benchmark on progression rates for that type of institution or mix of students, we pursue the matter with the institution on the clear understanding that if there is no improvement in the rates, the funding council might have to reconsider its decision on funding.

However, as I said, it is extremely difficult to develop a funding model that collects detailed information on output. I think that the only country to have done so is Denmark, partly because it has a very high proportion of part-time students who take a long time to complete their degrees. We were told that Denmark has no proper student records, which means that the only proper student data come from people graduating.

As we had a fairly detailed discussion on funding during the committee's previous inquiry, convener, I am not sure how far you want to revisit the matter.

**The Convener:** I do not think that we want to. I need to keep an eye on the time.

**David Mundell:** My second point follows on from that. If there is to be a lifelong learning strategy, how closely should funding be linked to strategic objectives?

**Professor Sizer:** Well, that is a broader question.

**David Mundell:** Let me expand on it slightly. Your submission does not seem to set out any such objectives other than learning. However, what is the learning for? Is the funding council's funding linked to employability, citizenship or a continuum of lifelong learning and its general benefit to society? What is your view on that strategic link?

**Dr Masters:** I know that this is a trite answer, but any link depends on what the strategic objectives are. The ministerial guidance and the Parliament have raised a number of key issues, and instead of having a whole range of initiative funding that basically funds short-term initiatives,

we have tried to develop a strategic dialogue with the institutions that addresses the sort of areas to which you have alluded and recognises that different institutions will make different contributions given their strengths and weaknesses in those areas. Such a dialogue amounts almost to a strategic compact with the institutions on how they will use the sector of funds that are clearly public to deliver on those objectives and to monitor their progress. That answer is not precise; however, the danger of developing a system that is based purely on future output measures is that it can—if we are not careful—take away flexibility. As we might find—a bit like a company—that we need to change the system halfway through, we must have a general strategic direction and goal that we want to achieve instead of very detailed specifics.

**David Mundell:** My third, very small point relates to flexibility and specifically to the Crichton campus, which you mention in your submission and which has been the subject of a visit. As a result, I am quite familiar with the campus itself. The people there are struggling because the system is very inflexible when it comes to developing outreach. The universities involved in the Crichton project have to give up places on their central campus to create places on the Crichton campus. How can we overcome such institutional blocks to new developments?

**Dr Masters:** We need to experiment with different structures and to have a range of structures. The Crichton campus is a fantastic example of that. It is a very interesting development in tertiary education and one that SHEFC is keen to encourage. I will let John Sizer deal with the specific issue that David Mundell raises.

**Professor Sizer:** The council provided a strategic change grant to establish the Crichton campus consortium and has provided the institutions involved in the consortium with some additional funded places. However, members should recall that the council receives guidance from the minister on both funding and full-time funded places. We are in a period of consolidation, so there has been only limited growth in funding and funded places.

As members will be aware, the minister commissioned a report on higher education provision in the south of Scotland. The report was endorsed by the minister and passed to the council; in the guidance letter that we have just received, reference is made to it. The report recommends that we provide some further funded places to the institutions involved in the Crichton campus consortium. However, we are operating within very tight guidance. We have a very small number of additional funded places and the

Crichton project has received a disproportionate share of that growth. We are operating within a consolidated environment. We cannot provide extra funded places without regard to the guidance that we receive.

**Professor McGoldrick:** Before I became a council member, I was a member of the strategic change grant assessment panel. I do not want to comment on the specific case of the Crichton campus, but when we are presented with a project that has a valuable lesson for the whole of Scotland—the same issues obtain in the Highlands and Islands as in the south of Scotland—we need to consider the strategic imperatives of the institutions involved.

When institutions consider whether to become involved in a project such as the Crichton campus, they ask themselves whether the benefit of involvement is such that it is legitimate for them to move some of their places, even if no more places are being offered. When institutions choose to become involved in such projects, they are saying that they want to have a presence in the south-west of Scotland, the Borders or the Highlands. The council can enable the strategic redirection of resources if an institution opts for that. However, the institutions are key players in the process.

**Elaine Thomson:** I want to ask two questions. One relates to the impact of Future Skills Scotland. Previously, the committee highlighted the fact that there are definite skill shortages in some areas. I am concerned by the decline in the number of students taking science-based, engineering-based and technology-based subjects. What impact will Future Skills Scotland have on that problem in future?

**Dr Masters:** I do not want to criticise another organisation, but companies will always tell you that there is a skill shortage. People's horizons tend to be very limited and they tend to address the issues that are immediately before them. It can take a long time to meet skill shortages and there is a grave danger that by the time those shortages are met they will have disappeared. We need only consider the rapid change that has taken place at Motorola. Previously, Motorola would have said that there was a massive skill shortage, but now for other reasons the company has had to move.

We need to consider the fundamental issue of how to create long-term employability without trying to predict the particular skills that will be needed. I argue that building in long-term employability and flexibility is more important than addressing specific skill shortages.

There is a shortage of students going into some areas, such as science and engineering. That problem is the result of student choice. There is no lack of courses or provision in science and

engineering, but people do not see those subjects as providing them with employment in the future.

One has to try to get the idea over that vocational training for a specific area is not necessarily the way forward. The way forward is building in learning skills, which aid employability. I am slightly cautious of a model that identifies a skills shortage and the time required to address it. The time scales between identifying the shortage and meeting it are dangerously long in some instances.

**Elaine Thomson:** Nevertheless, it seems that the number of people going into engineering courses, for example, is dropping year by year. Every bit of evidence that the committee has received has said that, in the long term, a large part of the Scottish economy will be based on science, technology and engineering skills.

**Professor Sizer:** I recall that you were at a seminar by the Foundation for Science and Technology at which the issue was discussed. It was pointed out that a high proportion of the people who graduate from engineering courses in Scotland do not obtain employment in Scotland. There is a debate as to whether there is a shortage of engineering graduates. It may be that if there is a shortage, it is because employers are not willing to pay the same rate that is being paid outside Scotland—I am not sure. There are long-term skills shortages in certain sectors.

The key role of the new organisation Future Skills Scotland, with which we are establishing relationships, is to inform institutional behaviour, not just in terms of first-degree courses, but in terms of lifelong learning, continuing professional development and the need for reskilling and upskilling. That is important in informing individual institutions' behaviour. The funding councils can act as a conduit, but Future Skills Scotland has to establish excellent relationships directly with providers to inform their decisions.

However, every time I have meetings with employers I find that, as Chris Masters suggested, they tend to be a bit like a bed: they bear the image of the last situation they found themselves in. They find it difficult to look beyond the short term. We need a flexible, adaptable work force and we must ensure that the skills that that work force requires are provided by our education sector, as well as private sector providers.

**Professor McGoldrick:** The picture is not entirely negative. The scenario that Elaine Thomson describes is right for the traditional engineering disciplines. It may also apply to the traditional sciences, but in biotechnology and medical biotechnology there are growth areas and hotspots. The new software engineering and the rapidly changing internet and communication

technologies are coming through strongly in Scottish higher education.

**Elaine Thomson:** Given what you said about demographics and about how many more people in the work force will have to be trained and re-trained and will have to develop their skills, it is clear that employers will have a large part to play. What will the correct balance be between the public sector and employers in encouraging the development of staff?

**Dr Masters:** The honest answer is that I do not know. I am always slightly concerned when I hear that companies do not invest in training and development. My experience of the companies with which I have been involved, some of which have been reasonably successful, is that they invest a lot in training and development. An issue that arises is that the continuous training and development that the education sector provides occasionally does not match what the companies require because they have moved on.

Businesses tend to do what is right for the business to grow. If they can see—and increasingly the good ones do—that training and development are important, they will provide that. Public sector funding needs to ensure the availability of courses, rather than focus on trying to make people use the sector. I always argue that if people are not using the sector, perhaps it is because the provision is not correct for them. It is rather like saying, "We have developed a product and nobody wants to buy it, therefore the consumer is silly." Well, maybe the product is wrong.

**The Convener:** Three members and I are still to ask questions, but we are beginning to run out of time, so I will give each of us one short, sharp, quick question each.

**Mr Macintosh:** So I can ask one of three questions.

**The Convener:** As we have overcrowded the agenda, we may follow up with additional questions in writing, if that is okay.

10:45

**Mr Macintosh:** I will limit myself to one question. I was going to do a Duncan Hamilton and ask a three-part question, but that is probably unfair.

The Universities Association for Continuing Education gave evidence on the importance of funding non-accredited courses that are effective in widening access at university level. Could restrictions be removed from SHEFC so that it can provide such funding? Could softer indices be developed so that such courses could be funded? Would that be one of the most effective ways of

widening access and reducing the privileged status and exclusivity of universities?

**Professor Sizer:** I am aware of the evidence that the committee took from the Universities Association for Continuing Education. However, not all universities deliver their lifelong learning through such a framework. I think that it was said that the way in which those departments are funded by the universities is part of our funding review. The issues that you raise were not raised by Universities Scotland or—as far as I recall—by individual institutions. There is a question about the extent to which the funding councils should get involved in how institutions choose to use their grants to deliver lifelong learning—that is a broader issue.

Funding activity that we do not currently fund always has an opportunity cost. If the committee does not mind, I would like to reflect on whether we should fund activity that we do not currently fund and give a written response to the question. Currently, we provide a pump-priming fund for continual professional development courses—which earn some £32 million a year—but we expect those courses to be self-financing. Jim McGoldrick referred to the wider access networks that we fund, but we are on dangerous ground if we get into rather small areas in universities in which it is probably more important for the universities themselves to decide how to fund activity. I would be happy to come back on that issue, if I may.

**The Convener:** Is that okay, Ken Macintosh?

**Mr Macintosh:** Certainly. A written follow-up could also be provided on the funding structure in general. Marilyn Livingstone spoke about changing the funding structure. Currently, SHEFC has ring-fenced funding for higher education, but tackling funding through enterprise companies, the employment service and further education will have an impact on SHEFC. The matter is not one that concerns those bodies only. Funding will no longer be ring-fenced and SHEFC will have to compete to deliver on the further and higher education strategy. That would have serious implications for SHEFC in particular.

**The Convener:** If the FE budget, the HE budget and—for shorthand's sake—the volume training budget that is currently administered by the enterprise networks were all in one pot and one organisation distributed the pot, would that be beneficial? Would that be the right way to break down barriers and agree priorities for post-compulsory education and training across the board? The committee would welcome your views on that. We will give you time to think about it and write to us. We will circulate your answer, put it on the web and send it to the other organisations concerned.

**Professor Sizer:** I hope that the committee considers the lessons from the Learning and Skills Council in England, which seems to be an absolute disaster.

**Dr Masters:** I think that we would prefer to give a written answer rather than shoot straight from the hip.

**The Convener:** The committee would welcome comments on the experience down south. We are aware of what has happened and do not want to repeat the mistakes that were made there.

**Brian Fitzpatrick:** When I read your submission and the FE sector's submission, I thought that singing from the same hymn sheet had been taken to new heights. I detect the same composer in various paragraphs. As the composer was the same, I take it that on the subject of the memorandum of understanding you do not intend to exclude higher education institutions from being better integrated with the enterprise networks. Page 2 of your submission refers to the

“role and success of colleges”,

but does not mention higher education institutions. Is that deliberate or is it an oversight?

**Dr Masters:** Although I was hoping that it was not an oversight, I have just been informed that that is the case. HEIs should certainly be included.

**Brian Fitzpatrick:** I want to check what you propose to extract via the memorandum of understanding. Is it a bureaucratic measure to align policy drafts by inputting into each other's drafts? Is it a measure that seeks to align outcomes? What do you hope to achieve with the memorandum? A memorandum can be a kind of housekeeping document among associated bodies or something much more far-reaching. I would like to explore that issue.

**Professor Sizer:** The memorandum came out of the lifelong learning working party involving the two enterprise bodies and the two funding councils. It was basically agreed that we should develop the memorandum, a draft of which was produced by my colleagues and me. It is a strategic document that sets out what the strategic relationship should be, from the relationship between the funding councils and the boards of the enterprise bodies down to operational matters. SHEFC is happy with that, the board of Scottish Enterprise has recently discussed it and we are now at a fairly advanced stage of finalising it.

**Dr Masters:** I would like to comment, because I think that the memorandum is very important—it is something that I have been trying to drive quite a lot. In my view, we have too many organisations. That is not a criticism of any of them, but we thought that SFEFC and Scottish Enterprise were key to what we were trying to achieve. It is very



important that SHEFC, SFEFC and Scottish Enterprise work together to ensure that we are not duplicating effort and are on the same wavelength.

The best way to achieve that is to have close interaction at officer level and at board level. With the memorandum, we tried to formulise that to give us a framework that would allow us to meet regularly and drive strategic issues forward. I hope that that will lead, eventually, to cross-membership between the organisations, which we already have between FE and HE.

**Brian Fitzpatrick:** I take it that the memorandum is also thought to contribute to convergence.

**Dr Masters:** Yes, that is exactly right.

**Brian Fitzpatrick:** You say that discussions on the parties to the memorandum of understanding are fairly advanced. Is it proposed that the Scottish university for industry should be a party to the memorandum of understanding?

**Professor Sizer:** Both funding councils have a memorandum of understanding with SUFI, which was developed jointly with Frank Pignatelli. SUFI was not party to the lifelong learning review because it had not formally been created at that stage. Furthermore, it has a slightly different status—it is not a non-departmental public body. Once we have put the present memorandum to bed, I am sure that the next stage will be to ask—as I think that Scottish Enterprise also has a memorandum of understanding with SUFI—whether we can wrap the different memorandums into a single memorandum. That is something for my successor to pursue.

**Rhona Brankin:** My question has largely been covered—it deals with the business of how the higher education sector can respond to changing labour market demands. I agree that flexibility is the key and would be interested in obtaining some written information on how the higher education sector can develop that flexibility and where there are examples of good practice.

**Dr Masters:** Yes, there is evidence on that, which we could certainly provide.

**The Convener:** I wish to ask a two-part question. Hugh Aitken, vice-president of Sun Microsystems, has been quoted publicly on this matter, so I will quote him again. He has said that he is fed up to the back teeth of all the universities in Scotland individually knocking on his door and telling him how poor the other universities in Scotland are. He has asked why the universities do not knock on his door collectively to tell him that they can beat off the competition that he needs to beat off in order to get further investment into Scotland. What is SHEFC going to do about that?

**Dr Masters:** We agree with Hugh Aitken. This is John Sizer's phrase, not mine, but I think that collaboration for Scotland, rather than competition within Scotland, is the way forward. All I can say is that we will do all in our power—using funding models—to encourage collaboration. We already do that in research and with collaborative ventures. We have to build on strengths and to recognise that the way forward is through collaboration, rather than everybody competing against one another. However, we need to weigh that against the risk of conveying the idea that universities are all the same. We need to maintain diversity and increase collaboration. SHEFC can encourage that, but it cannot mandate it.

**The Convener:** On the wider issue of the large amount of money that is spent on competition within Scotland in the university and college sectors and sometimes between the university and college sectors, at a conference on Saturday I heard Andrew Cubie raise again the concept of polyversities, which was around when I was at university, a few years ago. Does SHEFC have any view on the idea that we should not just collaborate but institutionally encourage much bigger organisations and bring together further education and higher education?

**Dr Masters:** The Crichton campus is an example of that. One has to be careful not to focus on a single model that achieves everything. That is why I keep focusing on diversity and collaboration between universities. The funding council is keen to hear other people's views. Andrew Cubie is coming to some of our forthcoming council meetings to expand on his views and—hopefully—to exchange ideas. I caution against taking any particular model and saying that it is the right one.

**Professor Sizer:** You should not lose sight of the relationship between strategy and structure. The structure should flow from the strategy and should not be independent of the strategy. It is clear that changes will have to be made to the structure. It is too early to say precisely what those changes should be before we have a clear view of what the strategy should be. I hope that the strategy will come from the committee's review, from the ministers' review and from the funding council's own work. That will determine the structure and the changes that will come about.

**The Convener:** You could perhaps expand on that in your follow-up written evidence. You could tell us whether you think that you require any additional flexibilities or powers to encourage the process of collaboration and institutional change.

I thank the witnesses very much for their written and oral evidence, both of which are very helpful and are much appreciated.

John Sizer will stay in position for our next

evidence session, which is from the Scottish Further Education Funding Council, of which he is also chief executive. While Chris Masters and Jim McGoldrick swap places with Esther Robertson and Alan Tripp, I wish to say that we all wish you a very enjoyable retirement, John. We very much appreciate your co-operation with the committee and the assistance that you have provided. I have been chairing the committee for over a year. Although our conclusions and recommendations have at times not met with your point of view, we have always respected your assistance and contribution, not just to the Enterprise and Lifelong Learning Committee, but to the two institutions that you serve. On behalf of the committee, I thank you and wish you all the best.

**Professor Sizer:** Thank you, convener. As you know, I think that the parliamentary committees are extremely important. Before the Scottish Parliament was established, I never gave evidence to a select committee of the House of Commons. We may not always agree, but it is important that we come here and debate with members. I should apologise for being a little demob happy today.

**The Convener:** That is okay.

I welcome Esther Robertson, the new convener of the Scottish Further Education Funding Council, and Alan Tripp. If the witnesses read the evidence that I gave to the Equal Opportunities Committee yesterday on the Public Appointments (Parliamentary Approval) (Scotland) Bill, they will know that I welcomed the appointment of Esther as convener of the funding council. I was delighted to see that she had been confirmed in her post.

11:00

**Esther Robertson (Scottish Further Education Funding Council):** Thank you for those kind comments, convener. When I heard you on the radio yesterday lunch time, I had a horrible feeling that my name was going to come up in the context of your bill. I was glad to discover that on that occasion I managed to remain anonymous.

We are delighted to be here. I am sure that I do not need to introduce John Sizer. Alan Tripp is vice-chairman of the Scottish Further Education Funding Council. He was previously senior vice-president of Sykes Enterprises. He has a much longer title that he can share with the committee later if he wishes.

We are keen to make the most of this morning's discussion and therefore I will keep my opening remarks brief. We believe that the FE sector is already playing a major role in Scotland in equipping adults with knowledge and skills. In the future, FE will be the key to engaging a larger proportion of Scotland's population in the

knowledge economy.

SHEFC was founded in 1999 and inherited a sector that had been tightly stretched by rapid change and falling units of funding. We have made significant progress towards ensuring that the whole FE sector provides the quality of service that local communities need and deserve.

We have a clear vision of where the FE sector needs to go and how we will help it to get there. We have put in place the building blocks to support a national strategy for lifelong learning and our aim is to help colleges develop opportunities that are flexible, relevant and inclusive. I am sure that the committee has heard those words several times this morning.

We want to offer ideas for five areas on which the committee could make recommendations that would make a real difference. They are key issues of strategic direction that can best be addressed at national level.

The first area is the mix of skills levels that Scotland should aim for and where public funding should be directed. Priority should be given to those who need help most. Secondly, how do we gear lifelong learning towards adult participation? Chris Masters has already mentioned that the number of young people in education will fall by 20 per cent by 2025. FE has already shown that it can handle the demographic shift—more than 58 per cent of FE students are over the age of 25. However, there is still a lot of work to be done.

Thirdly, how do we encourage employers to be more involved in lifelong learning? That has been a big subject this morning. I was horrified to discover that, after Northern Ireland, Scotland has the second lowest percentage of Investors in People recognitions in the UK regions. That is an indicator of what we have still to achieve.

Fourthly, how do we stimulate co-ordinated, flexible access to a full package of guidance, learning opportunities and finance, using the building blocks of SUFI, the SCQF, the Scottish Qualifications Agency and the Student Awards Agency for Scotland?

Finally, how do we develop joined-up thinking in investment in public agencies, particularly in remote communities, so that we can offer more effective, affordable services? In fragile areas, such as the Western Isles, the problems that lifelong learning agencies face are similar to those faced by health bodies, local government and economic development agencies.

There is a real opportunity to use all the good progress that has been made in individual colleges and universities towards developing that more coherent overarching framework. We are willing and able to play a part in that national strategy.

**Miss Goldie:** In the next three years, what will be the biggest challenge for the funding council?

**Esther Robertson:** We face three challenges. The first challenge, of which the committee will be aware, is to finish the work that we have started and made good progress on, in restoring the financial health of the colleges. The second challenge, which we are tackling in a range of ways, is the quality of provision. Major progress has been made on that. The final challenge is the one that has been discussed this morning: how colleges become more adaptable, flexible and able to respond to the enormous speed of change.

**Marilyn Livingstone:** I have similar questions to those that I asked SHEFC. We are all agreed that the evidence is about how we can put the student at the centre. How do we ensure that guidance and support inform students and enable them to make the right choices? How do we ensure that funding is not a barrier? If we are to use—as the convener said—a smart card showing entitlement, how can we match supply and demand? What do you see as the best way forward?

**Esther Robertson:** We see guidance and support as a very big issue and are working with careers Scotland within Scottish Enterprise. At our most recent council meeting, we agreed to set up a working group that would pull together the FE college guidance people to consider how they might collaborate. We are well aware that there is a big job to be done in that area.

Both my colleagues will have a view on the issue of funding students as opposed to funding learning. There is a real risk that if you fund students, you fund what the students want and not necessarily what the economy needs. That is a difficult balance to strike.

**Alan Tripp (Scottish Further Education Funding Council):** It is a question of balance. There is no doubt that student needs are, and should be, predominant. Students driving funding through extended ILAs, or something of that sort, is intuitively attractive; it would continue to make the sector responsive and dynamic. However, there is a question of the potential undermining of institutional stability. We should guard against that because, if the institutions become unstable, the whole process might fail the wider community. There is an attraction in letting student demand drive responsiveness, but we need to be careful.

As we have heard, there are particular areas to which students are attracted. We would have lots of media studies graduates and lots of hairdressers and beauty therapists, and we would have fewer people with the training that Scotland undoubtedly needs. The point about informed student demand is the most critical point.

Information about real and lifelong opportunities in the economic sense will drive demand rather than mandating students. It is a question of balance.

**Marilyn Livingstone:** I have a specific point about special learning needs that has been raised with me previously. How do the funding systems and FE colleges take on the challenge that is presented by documents such as the Beattie committee report and “The same as you?”? How do we remove barriers and ensure that further education can cope with diversity and special learning needs?

**Esther Robertson:** I will look for some help from my colleagues. My first reaction is that because SFEFC has an obvious connection with Robert Beattie, the report has been high on our agenda and we have looked to support colleges in some of the developments that they have had to undergo to meet those needs. There is however a much wider issue about special needs students, as expressed in “The same as you?”. I am not sure whether that is a funding or support issue.

**Alan Tripp:** The funding issue is interesting, and we have recently considered the potential for increasing funding for special learning needs. Two things have been pointed out, the first of which is that individual needs tend to differ greatly. Someone who is blind or deaf does not have the same needs as someone else who is blind or deaf. There can be substantial differences in the support that they need and the cost of that support.

The second issue is that input from disabled groups has shown that the money that goes to colleges for special requirements is not necessarily spent on them. That is of concern if it is true, but it is the subject of substantial dispute. The generic argument is about earmarking or funding colleges and expecting mature governance and management procedures to do what has to be done, given the local community's needs, which is the council's preference—the weight of our view is behind that approach.

**Professor Sizer:** We received specific funding out of the Beattie report and we are also funding the national centre at Stevenson College.

**Marilyn Livingstone:** Funding is obviously an issue, given the need to have access to premises and equipment. I am concerned about support, but Alan Tripp has answered that question.

**Mr Macintosh:** At the strategic level, if we move towards establishing one body for lifelong learning, is not there a danger that education—higher education in particular—would be swamped and that it would drown in the sea of lifelong learning?

**Esther Robertson:** I will have to answer carefully, given that my colleagues from our sister council are sitting behind me—and beside me; I

forgot to highlight the fact that Alan Tripp is a joint member of both councils.

We share the view of Chris Masters and his colleagues that, if we move towards a seamless tertiary education sector, it would make sense to establish a tertiary funding council. There is no doubt that major challenges would face that approach, because all the organisations would come together under one pot of money. I believe that, by the time we get there, we should be able to have a mature debate. The work that the committee is doing and the strategy that it is developing should help to inform that debate. The strategy should determine where the resources are allocated—it would become part of the tertiary funding council's guidance. Funding should not come down to local or national scraps between the two sectors.

**Mr Macintosh:** Is there an argument for establishing a strategic body while still maintaining a specific body to look after FE institutions?

**Professor Sizer:** In the end, you have to decide whether the minister and her department are that strategic body or whether another body should be established to sit between the department and the funding bodies. That fundamental question must be addressed. At this stage, I suspect that it is for the minister, and not for the funding councils, to decide whether the councils and the various merged bodies should be left to liaise in the way that we discussed, or whether the minister should take a more direct role or create another body.

**Brian Fitzpatrick:** May I tease out some more of the detail in that response? I am not seeking to bind any of my fellow committee members to my personal view, but I am minded to attach considerable weight to the strong steer that is being given to us by both funding councils. In your perception, what would be the detrimental impacts if we were minded to propose a more prompt convergence of the councils?

**Esther Robertson:** That is an interesting point, which we discussed at last week's council meeting. We have not had a council debate about the move, and although we have accepted the principle, there are some differences in opinion round the table. Most people's perception is that, as the funding council is only two and a half years old and has a clear work plan, moving too quickly would risk destabilising the sector—that refers back to Alan Tripp's point about colleges—and we might get caught up in the administrative detail of the merger. At the same time, there are real benefits to be gained from a seamless approach. I pay tribute to John Sizer and his team for the seamless support that they gave us when we started off. There are enormous spin-offs from having a joint executive.

**Professor Sizer:** Members may not have scanned the evidence that I gave to the Audit Committee two weeks ago and on previous occasions, but—given the Auditor General's report—that committee is concerned about the financial health of the sector. It is important that the financial health of the FE sector is stabilised before we move to integrate further the two councils. Although we did not discuss research funding in the HE sector during our previous session, members must recognise that that is an issue.

**Brian Fitzpatrick:** I have a separate question on the suggestion that volume training might be moved into the hands of FE colleges. Where would that fit in, in terms of both budgets and activity? That point is analogous to Ken Macintosh's point about swamping.

**The Convener:** Or drowning.

**Brian Fitzpatrick:** I will leave that to others.

**Esther Robertson:** We are getting a clear steer from the FE colleges that they believe that that would be a good move and would streamline some of their activity. As has been said, colleges receive funding from a number of sources. As John Sizer said, we have some concerns about learning and skills models when we see what is going on south of the border. However, we believe that there is merit in exploring that option. That would not necessarily mean that all our 46 colleges would provide such a model. There is a range of ways in which it could be done, but we certainly welcome the opportunity to engage in discussion about that.

11:15

**David Mundell:** I would like to ask a three-part question. From the visits that we have undertaken and from some of the other evidence that we have heard, we have learned that there is perhaps still a view that a significant amount of FE resource is being spent on remedial education that should have taken place in school. Do you have a feel for the proportion of current activity that is post-school remedial activity rather than effective lifelong learning?

**Professor Sizer:** I do not know, but others who are more concerned with the detail of funding models and with statistical data may be able to answer your question. May we come back to you on that point?

**The Convener:** Yes.

**David Mundell:** The duplication of resources is a fundamental issue. My second question, which concerns the sustainability of the existing college network and the number of colleges that we have, follows on from that. You mentioned provision in

rural areas and the debate that needs to take place about that. What is your current thinking on the sustainability of the existing number of colleges? Does the present geographical layout cover Scotland?

**Esther Robertson:** That is an important question and one on which we are regularly challenged by the colleges. They believe that we have a blueprint somewhere with a map of Scotland, which determines how many colleges there will be. That has never been our approach.

First, we did the Scotland-wide review of supply and demand. We have now rolled out that review into a regional mapping exercise. We believe that the debate needs to happen at regional level and that it must have a strong bottom-up element. The approach that is taken must be about getting the colleges in an area together to look at what the evidence is saying, so that they can decide the best way forward.

We are looking to encourage much closer collaboration, whether that leads to mergers or to other arrangements. We are working with the colleges so that they can decide such things, and are offering them support in a range of ways. Glasgow is the classic example. As a result of the Glasgow exercise, three colleges in Cathedral Street and another group of colleges are now talking about the possibility of a merger. We believe that they have to make that decision and that the decision must be owned by the institutions themselves. If we were to impose such a decision, that could be a disaster. We will support such proposals if the colleges can show that there would be real benefit, financially and in terms of benefit for students and local communities.

**David Mundell:** The third part of my question concerns the FE sector taking control, in effect, of volume training, rather than it resting with Scottish Enterprise and HIE. What are your views on that?

**Esther Robertson:** We are working closely with Scottish Enterprise on the issues surrounding volume training. As I said, we believe that there is scope for exploring that option. The FE sector thinks that it would be a good thing. Things are at an early stage for us. We are only just embedding our new funding methods, but we think that the issue is worth exploring. Alan Tripp might want to comment.

**Alan Tripp:** The new funding methods have lent much greater predictability to the process, although others may have different views on that.

Our objective is to make the funding method simple, transparent, equitable and manageable. I think that we would all agree that we have not yet reached simplicity. However, there is much greater predictability about the system. The colleges know the currency in which they are dealing. They do

not have to drive blindly for growth in the hope that that will keep their budgets stable or increasing. No doubt much more has yet to be done, and if topics such as volume training and transfer arise, they will impact on funding methodologies. However, considerable progress has been made.

**Professor Sizer:** During the Scottish Enterprise review, it was asked whether volume training should be moved to SFEFC. The broad view was that the funding council was not well enough established. Obviously, if a further review were to take place, it would do so in a different context.

We inherited a variable sector—not only in terms of the financial help on offer but in terms of the quality of governance and management and, to some extent, the quality of provision. Now, not only is a new generation of institutional managers coming through, but we are addressing many of those problems. As I said, any further review would take place in a different context. However, as Esther Robertson said, SFEFC has not debated the issue formally, so we cannot really give a council view.

**Elaine Thomson:** At a previous evidence session, the issue of the incorporation of the FE colleges was raised. A number of questions were asked about accountability to the local community. What are your views on that?

**Esther Robertson:** John Sizer may want to comment, because that issue arose in the Audit Committee's inquiry. As John said, major progress has been made. We conducted a review of management and governance and we found huge variation across the sector. However, as a result of the work that we have done to implement the findings of that review, we now see a pattern of stronger governance across the country.

We have been asked about governance and accountability and we are more than willing to contribute to a review. Since incorporation, many concerns have been raised about whom boards of governance are answerable to. We have not formed a view on the solution to that, but we would be happy to be part of a review.

**Professor Sizer:** As members are probably aware, Mr Frizzell said, at the Audit Committee meeting two weeks ago, that if the Audit Committee confirmed the Auditor General's recommendation that there should be a review of governance and management—and, in particular, of the powers of the funding council—the minister would accept that recommendation. I have declined to give my personal view because I believe that the views of the council should be sought.

Colleges are autonomous institutions, but I would have thought that there was a duty on them to demonstrate to their communities—in the same

way as we have to do—that they are accountable to them. Colleges should have regular public meetings and ensure that they embrace their communities, which are often very proud of them. Often, colleges are the only tertiary education institutions in the area. During my involvement in the recent reports on Moray College, that fact was highlighted to me; that college is extremely important to its community and the new principal appreciates that and is working hard to achieve local accountability. However, whether that should be a legal responsibility is a much broader issue.

**Rhona Brankin:** We have spoken about the needs of individual learners. Your organisation believes that there should be a single gateway, in the medium term, to provide individual learners with information on careers, learning opportunities, finance and other areas. What about employers and people who are self-employed? What support and opportunities should there be for that sector? Who would run the gateway and how would it work?

**Esther Roberton:** The question of who should run it has taxed lots of people; I have been involved in such debate since the 1980s. There has not been a clear answer. The small and medium-sized sector is definitely the most difficult to get to. The colleges have a big responsibility to local employers and many of them have developed innovative ways of engaging with small and medium-sized companies. It is difficult to know whether to treat them as individuals or as companies.

As for who should run the gateway, that is where the work that we are doing with Scottish Enterprise and HIE is so important. We have to pool our strategies to ensure that we are providing the best we can. However, I do not think that we have come up with the ideal solution yet.

**Alan Tripp:** As a former employer, I echo much of what Chris Masters said. Employers, in their defence, will do what is right for the business; however, they have a fairly short horizon. What is interesting is that, in the FE sector, the most successful areas are those in which groups of colleges work together with groups of employers who have a common interest. The microelectronics skills consortium and the biotechnology consortium are groupings with common interests and examples of collaboration shining through. It is difficult for individual colleges with individual employers. Collaboration works—there are tremendous examples of it—but it is an enormously difficult task.

The SMEs often complain about lack of support because of the lack of economies of scale in what is being achieved. The logical and best way of approaching that is through linkage with Scottish Enterprise and business development support.

**The Convener:** The Association of Scottish Colleges said in its evidence that it wanted the colleges to have a strategic role, which would be similar in status to the involvement of local enterprise companies with the whole spectrum of training and education. I am sympathetic to that point of view, but when I think of places that I know well, such as Ayrshire—or indeed Lanarkshire or Fife—I find it contradictory that they want a strategic role but spend a lot of time and a fair amount of money on competing against one another for local markets.

Whether or not the colleges are forced into an institutional merger, is not there a need for the funding council, rather than wait for voluntary agreement from the institutions, to be more proactive while accepting the individuality of the institutions and the need to achieve change through agreement as much as possible?

The taxpayer has a role to play. Ayrshire's three major colleges, which have campuses all over the place, compete with and in some cases almost undermine one another. The college sector cannot say, "We are short of money" and in the meantime waste money on such competition. The taxpayer cannot wait until the sector decides—the taxpayer is entitled to better value for money. Should not the council be a bit more dirigiste in that respect?

**Esther Roberton:** We will take your view on that one. We started out with a strong debate about how directive we should be. Our agreement—it is terribly jargonistic—was that we would try the proactive steering mode.

It is interesting that the convener mentioned Lanarkshire, Ayrshire and Fife, because at least two of them, if not all three, are in the midst of the area mapping that I mentioned. In Fife, an initial discussion has taken place with the four colleges round the table, so perhaps we are more dirigiste than we are perceived to be. However, even in Fife, with four colleges—lots of people ask why we have four colleges in Fife—some interesting collaborations are happening. The minister is opening, or may already have opened, the institute of applied technology in Kirkcaldy, which is a joint venture between Glenrothes College and Fife College of Further and Higher Education. Elmwood College recently came in with its automotive provision.

Something interesting that has happened in Fife—it may well be happening elsewhere—is the sharing of senior appointments. For example, a couple of the colleges share a finance director. Interestingly, we are receiving letters from people who think that that is a dangerous thing and that it is not terribly helpful. We are pushing in one direction on that, but people do not always think that it is a good idea.

**The Convener:** Fife is covered by one council, which probably makes it a bit easier, whereas Ayrshire has Mason-Dixon lines all over the place. In such places, one might have to be a little more directional.

11:30

**Professor Sizer:** The history of post-evaluation mergers and strategic alliances is that when they are owned by the institution, they are more likely to succeed. On the other hand, we have made it clear that institutions get a first bite at the cherry and perhaps a second, but they will not get a third. At the moment, they are on the first bite. Area mapping and debates will give the funding council a clear understanding of what needs to be done. If in the end nothing happens, the funding council—after 1 December, I should add—must decide whether to go along the committee's road.

**The Convener:** You understand our dilemma when you say that colleges in places such as Ayrshire want a strategic role. How can we take that request seriously when—at those colleges' behest—the situation in which colleges are competing continues?

**Esther Robertson:** I would like to go back to the ranch to explore the matter. The feedback that I have received is that area mapping is not producing as much evidence of duplication and competition as people might expect. Some co-operation exists, for example, with work on the curriculum, which is beginning to remove duplication. Perhaps the perception of the system is not accurate.

The convener is absolutely right about the strategic role. From the early days, colleges were unhappy about the fact that they had a duty to consult local enterprise companies when creating strategic plans, but that the duty did not exist in the other direction. The reason for that was that colleges were seen simply as providers, not as strategic partners. I see evidence throughout Scotland that that is beginning to change. The local economic forums and the widening access forums are beginning to bring colleges into the strategic debate.

**Alan Tripp:** It is critical to obtain data and to assess the actual position rather than to work with perceptions and anecdotes. The information is coming together and it will more than likely lead—because of the need for value for the public purse—to a more directionist approach.

In Glasgow, the funding council acted to some extent as an external stimulus. Estates money should not be poured into Glasgow when there is lack of visibility about the future. Everyone recognises that changes are bound to happen, although no one knows what they are. Estates

funding has been held back for that purpose, in the certain knowledge that Glasgow will need more funding when the way forward is clear. The funding council can and does act as an external stimulus to colleges. That role might have to grow in the future.

**Professor Sizer:** I held a first meeting with Sir Ron Garrick and the Glasgow colleges group executive committee. They bought into the holding back of estates funding straight away. I thought that it might be difficult to get chairs and principals to buy in, but when I met them they did so immediately. There is enormous good will in Glasgow; the colleges understand that we must first determine needs, then the academic structure and then the infrastructure. The process has gone unbelievably well.

**The Convener:** Wait until you come to Ayrshire, John.

**Professor Sizer:** I charge very high fees.

**The Convener:** I thank you for your written and oral evidence, which have been helpful.

At this time, I normally say that we will have a five-minute comfort break. However, I have been reprimanded by the official report for calling it that because officially it is an adjournment. Therefore, we will have a comfort adjournment for five minutes.

11:33

*Meeting adjourned.*

11:42

*On resuming—*

**The Convener:** We will resume with evidence from the Scottish university for industry, better known as learndirect Scotland. I welcome Christine Lenihan, the chairman and Frank Pignatelli, the chief executive.

Will you kick off with an introductory statement?

**Frank Pignatelli (Scottish University for Industry):** Christine Lenihan will make an introductory statement. She is a businesswoman and publisher. She joined the Scottish university for industry just over a year ago, when the infrastructure was being put in place. She will make a brief opening statement, then members can ask questions or make comments.

**The Convener:** We appreciated the briefing that you gave. Annabel Goldie was, because of other circumstances, the only committee member who was able to make it, but she reported back. The briefing was much appreciated.

**Christine Lenihan (Scottish University for Industry):** Good.

I am delighted to be here as the chairman of SUFI. I thought that I might take a few moments to reflect on the past year of operations at SUFI and look back at why I joined the organisation.

As Frank Pignatelli said, my working life has been characterised by my business activities, in the corporate world and latterly in starting and running small businesses.

I joined SUFI because I thought that it was a fantastic idea—which was the perspective of a businessperson who has a genetic and rather irritating curiosity that ultimately leads to learning.

11:45

When SUFI was established, there were enormous expectations of the organisation from the learning and education communities and, more particularly, from the consumers who are our learners. They range from people who are the hardest to encourage to learn, to small businesses for which local economic development imperatives are not high on the agenda. Small businesses that employ fewer than 10 people account for almost 95 per cent of Scottish businesses—which we at SUFI remind ourselves of constantly.

The cultural landscape in which we operate is a challenge for SUFI, which is a tiny organisation. We have 35 employees and are charged with being a change agent and with the responsibility for building a new piece of architecture.

Some might say that SUFI now has the potential to be the glue that will hold the learning environment together, but that remains to be seen. However, there are enormous challenges for a small, innovative organisation that operates in what some might describe as a rather cluttered, traditional and often bureaucratic set of organisations.

One differentiating aspect of SUFI is that we have had the opportunity to start from scratch by considering the learners and starting with them. Everyone I meet in learning and education says that they focus on learners, who are their priority. A main differentiating aspect of SUFI is that we start with the learner. We have had the privilege of creating an infrastructure: a multi-channel distribution network for learning that starts with learners and builds around their needs.

The other fundamental aspect of SUFI is that we are crystal clear about our objectives, which in a new organisation are clearer perhaps than in more traditional organisations. Our role is to drive the demand for lifelong learning and to provide learning any time, any place, anywhere for the consumers whom we serve.

I mentioned the expectations of the learning and education markets, but there are also enormous

expectations among our consumers because learning—like SUFI—does not operate in isolation. The consumers whom we serve are served also by retailers, brands and everything that they buy and use for their lifestyles. We need to match those expectations through learning provision. We need to inspire, encourage and entertain while people are learning if we are to achieve the objectives of the learning, earning nation.

We would be delighted to answer questions on our written submission. Thank you, convener.

**The Convener:** Thank you for that and for your written submission.

I will start with what might be regarded as an odd, perhaps even a bombshell question.

**Rhona Brankin:** Ease them in gently.

**David Mundell:** Be robust.

**The Convener:** Yes—robust.

We heard evidence about three weeks ago from Scottish Enterprise, which submitted three pieces of written evidence and also gave oral evidence. We were unimpressed by its evidence—which is not our typical response—and not convinced of its ability to continue delivering its volume training programmes.

If the committee were to conclude that there should be a recommendation that Scottish Enterprise should lose the volume training part of its function or that that should be transferred to another body, would SUFI be a candidate?

**Christine Lenihan:** I will say a few things about that, then Frank Pignatelli will give you the answer.

First, there is an inherent contradiction when a small organisation works in a market in which there is a quantum difference between the size and responsibilities that it has and the size and responsibilities of the other players.

Secondly, in SUFI's first year, we have had clear output objectives for the performance that is expected of us. Those objectives were to build a network and architecture that could go live; to provide learning opportunities; and to get into communities and become part of the way people live. Once all that is in place, there will be some exciting opportunities to scale what I call the multidistribution network.

**The Convener:** Is that a yes or a no?

**Christine Lenihan:** Although people might say the opposite, I would say that that is a yes. The strategic potential of an organisation with a national infrastructure that has scalability is an exciting possibility because different parts and different products will be able to be plugged into that architecture, which we hope will be built by



the spring. In principle, my answer would be, "That is an interesting question."

**Frank Pignatelli:** As Kenny Dalglish would say, "Maybe yes, maybe no."

Given my background in the education and training world over the past 30 years, I have been very clear that we must never ever become a provider; we must always be a broker. If your question is whether there will be located within SUFI the infrastructure and support that will enhance the ability of providers to deliver, the answer is yes. There is no question about that.

As we rehearsed briefly in our written submission, the difficulty with the vocational programmes under the aegis of Scottish Enterprise is their inflexibility. We have spoken to many providers that have said that they need a much clearer understanding of what is happening. For example, that disfranchised and disaffected learners turn up at all is often a huge achievement. Increased self-esteem has helped them make that decision to cross the threshold and get learning. However, the need for public accountability and financial probity can mean that those programmes become slightly inflexible.

Our view is that debates and discussions arise when individual organisations lose sight of their core business. Our core business is not to become a provider but to put in place the infrastructure that will make it easier for existing providers to respond to the needs of individuals. Our written submission mentioned 202 learning centres, but we now have 223 learning centres across Scotland, which is a hugely impressive network that is capable of delivering locally in partnership with providers. We are doing that on a budget of less than £10 million a year. What we are doing is hugely demanding and very resource intensive. Resource is an issue for us because we need the capacity to roll out that programme and to roll out that infrastructure.

My conclusion is that SUFI would certainly be a candidate if we are talking about infrastructure, but we would not become a surrogate provider. The public often do not quite know who the provider is. We are clear in our minds that we will never become a provider.

**Miss Goldie:** I direct this question to Mr Pignatelli. In professional life, you would be inhuman if you did not have frustrations. What is your biggest frustration at the moment?

**The Convener:** And I thought mine was a bombshell question.

**Miss Goldie:** As the embryonic entity of the Scottish university for industry unfolds, what is the biggest challenge that will confront it?

**Frank Pignatelli:** Putting aside my age and health, which sometimes frustrate my ambitions, I

must say that—without meaning to sound complacent—there are not too many frustrations in my life that are connected with the role that we have been given.

As Christine Lenihan said, we started from a blank sheet. We have been given a clear, focused remit and we do not have baggage. Stage 1 consisted of putting the infrastructure in place. Stage 2 was about public engagement, which has been extremely encouraging because we are getting lots of engagement. Stage 3 is about rolling the services out for the business community.

I do not want this to be construed in terms of resource, but the frustrations relate to the limited nature of how we can take things forward. Much time must be spent trying to clear the clutter and focus on the support that we should give, which is about engaging with, and trying to deliver for, individuals.

We have a clear notion of what small businesses are looking for. We have a clear notion of what helps young people, and older people, to re-engage when they have become disaffected. There is a bit of frustration that we cannot affect the supply side as effectively as we might, because of the size of the organisation.

The answer might therefore be related to the first question. It is about scale and ensuring that the infrastructure and philosophy are embedded. We are very client-focused in everything that we do. That antagonises and frustrates some people. There was an article in yesterday's newspapers that rehearsed some of our evidence. We had a reaction to that from some of the suppliers. They did not debate the facts; they spoke about impressions. We are trying to show what we are finding and that we want to continue to champion learners.

By and large, there are not too many frustrations. Perhaps we could capitalise on the good work. I would not want to describe SUFI as a pilot, but the first year of operations, from October last year, has given evidence of real need and we would like to build on that.

**Miss Goldie:** The second question was about likely threats. If everything is running as well as you understand it to be, what could throw a spanner in the works?

**Frank Pignatelli:** Interestingly, as soon as the chairman and the board of non-executive directors came on board, they were very keen to have a risk assessment exercise. We went through a very intense risk assessment exercise that was facilitated by an external body.

The threats that we were considering included the cluttered landscape, which is becoming slightly

less cluttered from our point of view. We know where we are going. Another threat is the possibility that some of the bigger players on the scene, such as the enterprise networks, funding councils and a range of others, might not be in line with our philosophy; we are absolutely client-focused, not driven by programmes or the curriculum.

The other threat was to our continuing ability to serve socially excluded communities. We are in an interesting position; we have a social mission that is about social exclusion and socially excluded communities. We also have a commercial imperative. Indeed, our funding arrangement is contingent upon securing external funding to subsidise areas of our work. We consider that to be something that we need to clarify. The debate continues. We are having good debates with our partners in those areas.

Christine Lenihan was involved in that risk assessment.

**Christine Lenihan:** There is something emerging that we call the SUFI squeeze—not that we would say that in public.

**Miss Goldie:** You just have.

**The Convener:** You are on candid camera here.

**Christine Lenihan:** That is about a small organisation, which, with the best will in the world, is perceived in different ways by our partners and those with whom we interface in the learning and education markets. It is interesting to observe how different organisations view SUFI and its role. I hope for more alignment of those views as our network becomes joined up and as we go live.

**Marilyn Livingstone:** I believe that there is a big role for the promotion and inclusion of the voluntary sector in community learning projects. How do you see SUFI working with the voluntary sector and how can you help it to become involved?

**Christine Lenihan:** I could answer that question by talking about a recent experience and sharing a little story with you. Last Friday, I was in Merkinch, a part of Inverness that has had more than its fair share of troubles. The community learning centre in Merkinch has been awarded learndirect Scotland status. It is our 200<sup>th</sup> branded learning centre.

The learning centre and the learndirect Scotland branding are having a remarkable effect on that community. I met the chairman of the community learning centre. She is called Helen and she is 72. We had a lovely chairman-to-chairman conversation. She then revealed to me that the occasion was very special and that was why she had baked scones for us.

I also met a young man there called Eddie, who had been unemployed for five years. Eddie found his way to the community centre, because he could not find his way to the college. He did not have the confidence for that and felt that college was not for people like him. The community centre helped him through the first part of his computer skills programme. It was hoped that he would proceed to college and do more, but again, he could not find his way to college. However, he did find his way back to the community centre, where he chose to volunteer. He is now one of the learning support staff for the learndirect Scotland centre.

12:00

All the non-executive directors on the board of SUFI travel the country presenting plaques to award branded status to such centres, because they represent what we do. The potential that the strategic capacity of a national organisation such as SUFI has in combination with the social responsibility that will always be the heart of our business is exciting.

**Marilyn Livingstone:** The committee is interested in the portability of qualifications and in qualifications having equal worth, if they deserve it. You and others have suggested that a training portfolio might keep a record of training undertaken. How would that improve portability? Would it work in tandem with the new Scottish credit and qualifications framework?

**Frank Pignatelli:** The Scottish credit and qualifications framework is critical to what we do. Our director of learning and technologies, Kirk Ramsay, talks about granularity, which involves having not only courses, but programmes, units, modules and bite-size learning.

We want credit to be given for the least bit of learning. That returns to an earlier point. Sometimes, becoming involved in an hour or a couple of hours of learning is a huge step to take, and we must find ways of recording that. We have developed a sophisticated online system, called SUFI skillnet, which has the capacity to create lifelong learning logs online for everyone. Our engagement with the national health service in Scotland suggests that that can be done for its 137,000 employees. The product is scalable, readily available and can get people online.

The suggestion for portability of qualifications raises two issues. We must find a way to record all achievements, no matter how small. Our discussions with the Quality Assurance Agency for Higher Education and the SQA are taking us in that direction. We must allow people, no matter where they are, to key into that. That is where the virtual world is important. With a password,

someone who works in Edinburgh, lives in Fife and holidays in the Borders can access learning virtually. It is critically important to employers to have the ability to do that with big work forces such as that of the NHS and of some big corporations.

I support the view that portability is needed, but we must also drill down a bit. The SQA's initial view was that bite-size learning was half a module—20 hours. We asked whether three hours of learning could be recorded. As in Merkinch, our experience is that someone embarks on learning and accumulates confidence on the more formal side. I agree that portability is important.

**Mr Macintosh:** I will return to the strategic question about how SUFI will fit in with a possible future strategic map of lifelong learning. The funding councils talked to us about a memorandum of understanding with Scottish Enterprise. How would SUFI fit in with that? Would you like to be in partnership with all those bodies? Is that how SUFI and its strategy will develop? It was suggested to us in previous meetings that we should get rid of some of the acronyms. I do not say that SUFI is for the chop, but it has been suggested that far too many acronyms are on the scene.

**Christine Lenihan:** SUFI is still a small organisation. We are committed to the fact that SUFI amounts to little in isolation. SUFI is about partnership. The responsibility for the partnerships probably falls more on SUFI as the agent of change, the new baby of the learning family, and the irritant to the larger organisations that are accustomed to doing what they have always done.

Partnership is a crucial part of SUFI's operations. Memorandums of understanding are a good start, but the reality of our operations is relationships and commitment to what learners need rather than compliance with a memorandum. Partnership is critical. The memorandums of understanding and the relationships and commitments that go with them are essential for SUFI to have been able to operate and achieve what it has achieved already.

SUFI is a piece of architecture. I think of it much more as the glue that holds the system together. We are coming round to that view.

**Frank Pignatelli:** I offer a postscript to that. We have signed memorandums of understanding with the funding councils. New individuals are taking up key positions in Scottish Enterprise and Highlands and Islands Enterprise. We debated not signing anything that did not mean something but getting our lines cleared. We are an SME. We do not have an army of policy developers who can write sophisticated and elegant documents. We are trying to deliver a business in a focused way.

It is interesting to reflect on our engagements. There is an imperative from somewhere to sign memorandums of understanding. We have good relationships with Scottish Enterprise, HIE, the SQA and a number of public bodies. We also have relationships with the Federation of Small Businesses, the chambers of commerce, the Institute of Directors and the Scottish Council for Development and Industry. None of those has suggested a memorandum of understanding. In those areas, delivery is what matters, not whether the documentation is appropriate.

I am fearful that we rush to sign memorandums of understanding when the work is not being done. I am confident that we are making appropriate progress. It so happens that we have signed off the memorandums of understanding with the funding councils. Alan Sinclair from Scottish Enterprise and the new director of learning and skills at HIE have said that we should talk about how everything fits together before we start signing major documents.

If the spirit that underlies SUFI is partnership, as Christine Lenihan says, we are nothing without our partners. We bridge areas. We were given the remit to try to provide a focus for lifelong learning in Scotland, put pressure on the providers and be advocates for the clients. That is what we want to maintain.

**Mr Macintosh:** I will ask another question so that I can get an idea of where you fit in, although I hear what you say about being the glue that holds the system together. We are considering three strands of lifelong learning: its economic impact, its impact on social inclusion and the idea of lifelong learning as part of good citizenship. Is it fair to say that SUFI emphasises heavily economic development and not the other areas? That is its strength; its strength is not spread equally across all areas.

**Frank Pignatelli:** The opposite is the case. At the moment, we have 223 learning centres in Scotland, 111 of which are in social inclusion partnership areas. We were anxious to ensure that that was a key target. Everything we do is done under the banner of skills, employability and competitiveness. Our view, which I think is shared by the board and would have general currency in Scotland, is that the best thing we can do for socially excluded communities and to enhance citizenship and self-esteem is to give people the skills and employability to obtain work and contribute to their society.

In a sense, we concentrate on economic development and social inclusion. In the first stage of our development, we concentrated on raising the awareness of individuals. We are moving into the commercial area. The economic, social and citizenship aspects of lifelong learning are all

areas in which we are interested. Because we are a broker, we engage with all the people who are involved.

Our relationships with social inclusion partnerships and the voluntary sector are just as strong as those with the business community. It is about serving as the one door through which people can come. My firm belief, based on my experience, is that the last thing that socially excluded communities need is a patronising understanding of their problem. We should be as rigorous, if not more rigorous, with those communities to ensure that we give people the skills that will get them the employment that will make their lives so much better. We have not yet embarked fully on the commercial aspects, but I would say that those three strands will remain the key targets.

**David Mundell:** Something that is both positive and negative for you came out of our business seminar with the SCDI. The view was expressed that something like SUFI was needed, but there was not a clear understanding that it in fact already exists.

For people who are not in the know, there is something slightly complicated about the learndirect logo or brand, in the sense of it and SUFI being one and the same organisation. How are you promulgating SUFI to the wider world, in the sense of its being the glue that holds the system together?

**Frank Pignatelli:** Before I answer that, I must say that it is a great disappointment to hear about that lack of understanding of SUFI's existence being expressed at an SCDI event, as it was we who sponsored its national conference. We have had wide exposure through that body.

I will turn to the branding exercise and, in particular, to unprompted branding and awareness of our brand, learndirect Scotland. Remember that the Scottish university for industry refers to the company name; it is not client facing. Everything we do publicly is under the name learndirect Scotland. All the evidence from our tracking surveys, customer focus surveys and mystery shopping exercises indicates that brand awareness has been raised considerably. We have been in existence for one year. Last October, we did not exist publicly, as a brand. There is confusion in people's minds when we are referred to as the Scottish university for industry. It is a bit of a misnomer.

How we establish ourselves in our environment is a real issue for us. We were asked to raise people's awareness of lifelong learning through the brand name; we are now consistently getting 600 to 700 calls a day to our contact centre, through the brand name. That is the basis on

which I take a view on whether learndirect is establishing itself as a brand. There is huge interest in it.

There are issues surrounding the work of some of our partner organisations. We need to drill down and engage in a more fundamental debate about where SUFI and learndirect Scotland are positioned. I would say that, according to any criteria, we ought to be very pleased with the early establishment of the brand.

We have been talking about changing attitudes to learning. We are dealing with people who have had bad experiences of learning in the past. It is interesting that about 20 to 25 per cent of our budget has been devoted to raising awareness of the brand and what we are about. There is still a long way to go. Remember what I said about the figure of less than £10 million a year—25 per cent of our budget is a drop in the ocean. That forms part of the debate.

**The Convener:** I am watching the time. Two other members want to speak, so I ask David Mundell to make his next question short and sharp.

**David Mundell:** I will do so.

**The Convener:** We also need a short and sharp reply, please.

**David Mundell:** I want to draw on Frank Pignatelli's wider experience. Throughout our inquiry, we have heard about people who have been put off lifelong learning by their experience of school. What is the solution? There, that was a short question.

**Frank Pignatelli:** I am not sure that it is an easy one. We have picked up what we refer to as the three Ds: the disappointed, the disaffected and the disappeared. Research tells us that the majority of people have had a bad experience of one kind or another in education. Those lessons have to be fed into the system and I am confident that colleagues in the Scottish Executive are aware of that. I know that the head of the Scottish Executive education department is keenly interested in what we are about.

We liaise and we feed messages in. I think that it is only a matter of time until we have to start intervening in the system before people become disaffected or disenchanting. Our real targets are the generations of people who have left the system—30-year-olds and 40-year-olds, for example, who are carrying negative baggage. We need to re-engage those people and I think that we can do so.

**Brian Fitzpatrick:** I am not sure whether SUFI is a baby or a beast. I was interested in the description of SUFI as a baby, given that a fair number of us are more than happy to see delivery

of the baby and to see manifesto commitments become realities. Having made that partisan point, I return to what you said about the business learning account. I am interested in the notion of supported choice and linking learners to learning.

We have had a fair body of evidence about the Scottish union learning fund and workplace learning. I note that you mentioned that you are having discussions with Scottish Enterprise. Where have you got with work on the ground with Scottish Enterprise on the business learning account? It is important that we build a critical mass around the delivery of learning.

12:15

**Frank Pignatelli:** We are immensely impressed by the success of ILAs which, despite recent difficulties, have been a phenomenally successful driver for change. More than 200,000 people have signed up for them and more than 90,000 are engaged in them. It is a pity that, because of a bigger UK-wide problem, we face negative feeling about ILAs. A range of organisations—chambers of commerce, the Federation of Small Businesses and the Scottish Council for Development and Industry—have said that the model is useful in making progress.

We are talking about modest investment for ILAs for individuals. We do not want small businesses to have to manipulate the system to get people to use their ILAs for business purposes, although there will always be a coincidence of interests. The debate that we are having is not exclusively with Scottish Enterprise; there is a debate with the Scottish Executive. Officers in the Scottish Executive who are close to ILAs are interested in business learning accounts and Wendy Alexander expressed an interest when she came to our board meeting in exploring them as a possibility. Limited rather than huge amounts of money would allow people to achieve success.

The ILA scheme has been hugely impressive in terms of the commercial imperative of return on investment. The model could be explored in the context of business.

**Elaine Thomson:** I want to continue on the same point. One issue that has come up is the way in which employers view training and skills development. Some employers want to invest in their employees and contribute hugely to their development, but a lot of employers still regard training as a cost and not as an investment.

You spoke about business learning accounts and the role that they might play in trying to make progress. Do other levers or approaches need to be considered in trying to engage the business world more closely in making greater investment in training?

**Christine Lenihan:** I will answer that and Frank Pignatelli might want to comment. There are a huge variety of organisations within the category of small and medium-sized enterprises. I focus on the 95 per cent of those that employ fewer than 10 people—they account for a lot of businesses and a lot of individuals. We have to understand what the priorities and issues are for those businesses or industry clusters. We have to be creative and inventive in finding ways to engage them and we have to provide an incentive. I say that advisedly. The business learning account is a financial incentive—there may be others.

For someone who is running a small business, there is nothing more compelling than someone offering you a service who really understands what your priorities and issues are. Someone who approaches a small business from their own perspective is of absolutely no interest to that business because their perspective is so different.

I mentioned that local economic development imperatives are not on the agenda of the people who run the smallest businesses, which are the majority of businesses in this country. We have to find more creative and experimental ways to engage with the particular sub-groups in those businesses. We have a few ideas about that and we will experiment with them next year to see what works.

**Frank Pignatelli:** An intellectual analysis of the environment and, in particular, of funding shows that we need flexible, client-focused approaches. Business wants training and education that will serve business.

I am not suggesting for a second that further and higher education or the training that is funded by Scottish Enterprise and Highlands and Islands Enterprise should be entirely utilitarian, but the nearly £2 billion that is in the system should be used to address the needs of clients. It should be used to support business in offering secure employment opportunities. We should be careful about the suggestion that businesses should put the money in themselves. We need to put pressure on providers to ensure that they address the needs of businesses so that businesses do not have to chase funding for training. If they are doing that, they are not involved in their core business, which is what secures long-term employment opportunities and results in investment in communities. There is a debate to be had around that issue.

**Rhona Brankin:** I agree with what Mr Pignatelli said about the need to recognise even tiny chunks of learning. How would that link into the Scottish qualifications framework?

**Frank Pignatelli:** The Scottish credit and qualifications framework, which will be launched

on 17 December, is an immensely impressive first stage. Often, people want to run before they can walk. People south of the border and across the world are immensely impressed that we can get our curriculum development for Scotland, including information about exit points, credits and so on, on an A4 sheet.

We need to think about how we can record the benefits of small stages of learning. It is easy for a person with a string of qualifications to say that those small stages do not matter. However, Christine Lenihan and I go to community centres and meet people who, although they may have done perhaps only an hour's training, feel good about what they have achieved. That achievement should be recorded. There is some local provision for certification and so on. We need to ensure the robustness and credibility of our qualifications framework.

**The Convener:** Thank you. I also want to congratulate you on the quality of your written evidence, which was interesting and stimulating.

That brings us to the end of our public session.

12:22

*Meeting continued in private until 12:29.*

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